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POPULATION GROWTH AND PRESSURE IN SOUTH CHINA AND HONGKONG

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Pressure from over-population has for centuries been a major problem in China in general and South-China in particular. Since World War II this pressure has increased in intensity to such an extent that Hongkong is also acutely affected.

With a population of about 630 million,¹ China has now about one quarter the entire world population.² It is officially estimated in Peking that the natural yearly increase is about 15 million.³ The concern of the Communist Government over its large population growth is today manifested in its newly found interest in birth control, not just as something designed to improve the health of mothers and their offspring, but primarily to limit the increase. Indeed in all the large cities in China, birth control campaigns are regularly conducted and clinics have been opened for advice and treatment. So far there are no appreciable signs of a slowing down of the increase. This can be partly accounted for by the fact that China's population is primarily rural—about three-quarters of the population are farmers and peasants. They are, in common with rural folk all over the world, slow to adopt new ideas and methods since they are naturally conservative in their attitude to life. Poor communications and many remote regions have further clogged the machinery of distribution and

slowed down the campaign. Added to this is the centuries ingrained belief of all Chinese that a large family is not only necessary to preserve their cultural heritage but also is as method of providing a cheap labour supply. Their empirical knowledge that numbers are valuable in times of famine and represent a spread of risk in the fight for survival is paramount.

Before 1941 major relief from population pressure was got by migration. This was particularly true in South-China. Chinese streamed out to Indochina, Indonesia, Philippine Islands, Malaya, Borneo and Siam which are the immediate neighbouring countries and some went further afield to Africa, Australia, and North America. This is no longer possible. Officially emigration does exist but is negligible. Indeed practically every country has stringent immigration laws that have not only stopped Chinese from entering but have legislated in some cases to reverse the movement by expelling them back to China.

Throughout the centuries South-China, in common with the rest of the country, has stoically undergone the natural ravages and calamities that have helped to slow down population increase. These have come from floods,⁴ disease epidemics,

1 The last available population figure for China was 582,603,000 in 1953. This was published in the UN-Economic Commission for Asia and the Far East handbook.

2 At the end of 1956 this was approximately 2,736,000,000.

3 Stated by Professor Ma Ying Chu, Peking University, June 1957.

4 The excessive torrential rains in May 1957 over South China caused in Kwantung and Hongkong a rainfall well above average. Most meteorological stations recorded amounts well over 30 inches. Peking radio on June 13th reported that of Kwantung's 32 million mow under rice about 2 million suffered total loss of the crop. (6 mow equals 1 acre) (Reuter London. June 12 1957).

droughts, civil wars and political upheavals. However today better engineering methods, more advanced medical knowledge and better diets have combined to reduce the death rate. As a result the population is increasing with dangerous rapidity. To such a predominantly agricultural country as China (and it is likely to continue as such for many decades to come in spite of the tremendous efforts being made to promote heavy and light industries) this presents an ever growing strain on its basic food resources,⁵ and threatens the national economy.

In their drive for foreign goods to develop their industrial potential the Chinese Government has restricted the internal consumption of locally produced foodstuffs and other produce in order to sell abroad. As a result this has slowly but inexorably produced everywhere a tightening of the belt because of insufficient food. It is these shortages of basic foodstuffs, together with other deficiencies that have heightened the conditions of population pressure and the need to struggle to live. (Added to material shortages are irksome regulations limiting personal movement). Here then are the ingredients that produce dissatisfaction and the urge to escape. Any opportunity to cross over to the comparative sanctuary of Hongkong with a chance to eat fully is eagerly seized.

During the years 1948 and 1949 while the civil war was being waged, Chinese refugees were moving into Hongkong. Many had the idea of moving on elsewhere when the opportunity presented itself. A conservative estimate of all Chinese living abroad in 1948 was ten million. After the final retreat from the mainland to Formosa another four million was added to this total. Thus today there are about 15 million overseas Chinese. Emigration from China today is by no means finished⁶ even though it has been slowed down by rigid and sometimes it seems ruthless control.⁷

Other signs of dissatisfaction are indicated by the news that for the first time since the communists came into power people with a little surplus money

are beginning to hoard it by illicitly buying gold and Hongkong currency.⁸

In Table I will be found figures concerning births and deaths of Chinese in Hongkong, Singapore and Taiwan. Assuming that mainland China roughly follows the same pattern of a birth-rate at 40 per thousand and a death rate of 12 per thousand this gives a natural increase of 28 per thousand per annum or nearly 17 million total.

Competent observers of the China scene have not been impressed with the claims of mainland China that they have increased crop yields and over-filled their target plans. Centuries before 1949 population pressure was such as to cause Chinese farmers to utilize to the fullest every square foot of cultivated land while at the same time always being alert to bring in marginal land having the slightest possibility of becoming farmland. This realistic attitude to farming impressed itself vividly on Mr. Aneurin Bevin during his visit to China in 1954.⁹

At the present rate of China's population growth it is necessary to increase its food production by about 2% every year in order to maintain its present standards of consumption. Dr. T. R. Tregear¹⁰ has suggested ways in which this food production might be increased. Briefly they are:

- (A) The training of rivers to control flooding and thereby reducing areas that are normally lost to cultivation.
- (B) The extension of irrigation to bring dry lands into production.
- (C) More efficient farming methods and better fertilizers.
- (D) The abolition of split farms.
- (E) Improved communications and transport.
- (F) Development of secondary industries such as sericulture, pisciculture and cottage handicrafts.

It would seem that if any or all of these methods have been tried they have been inadequate to meet the challenge of population increase. Thus the Birth Control campaign is being vigorously prosecuted in an endeavour to institute population control.

It will be understood from the foregoing that without any doubt whatsoever China is facing a crisis. It also seems that this pressure is even

5 In spite of the fact that in normal times China has had to import both rice and wheat to make up her deficiencies she has since 1954 exported rice to both Ceylon and Burma on a barter basis.

6 Almost daily there are newspaper reports of illegal attempts to enter Hongkong. The following extract taken from the South China Morning Post of 5th June 1957 is typical. "Tearful scenes were witnessed at Central Court yesterday when 54 Chinese, including 14 women and 6 children, were charged with entering the Colony without permission. Enquiries revealed that they were trying to enter Hongkong by motor junk from Macau."

7 Tragic evidence of this was reported on the front page of the South China Morning Post, Hongkong, 18th June 1957. "China's State Council dismissed two Vice-Governors and another leading member of Kwangsi Province for failure to arrange adequate distribution of food supplied by the Government to overcome local shortage last year caused by bad weather The incident arose from the floods and drought in the locality in 1955 which caused crop failures The result was that 550 died of hunger."

8 The Hongkong Tiger Standard reported on 13th June 1957, "There has been infiltration of the Hongkong dollar into places in South China The movement of gold from Hongkong to South China has increased to a daily average of 200 taels. (1 tael = 1-1/3 ounces). Travellers to China are allowed one tael each."

9 Mr. Bevin wrote, "Where I felt incredulous was in the claims made to prove the productivity of the land already under cultivation. It is hard to believe that much more can be got from the soil than the Chinese peasant is already getting." Far Eastern Economic Review, November 18th 1954, pp. 641-642.

10 Lecturer in Geography, University of Hongkong. "Population Problems of China," Far Eastern Economic Review, March 31st 1955.

greater in South-China and this in turn pressures Hongkong. This is not new. In its entire 116 years of existence Hongkong has felt the pressure of population coming from the neighbouring provinces of Kwangtung and Kwangsi. While reliable census figures are not available for China for the early half of the nineteenth century, there is sufficient evidence to show that in the south she was certainly overpopulated relative to local production. T. R. Malthus long before in 1800 pointed to China as an example of an agricultural country fully illustrating the Law of Diminishing Returns. Once the optimum density of population is reached relative to land yields, further labour only reduces the standard of living.

These then have been the conditions in the near Chinese provinces since the founding of Hongkong. The Chinese have moved into the Colony in order to share in its development, and enjoy its higher standard of living together with its order and security. This immigration has been practically continuous, only interrupted and accelerated by political upheavals, famines and epidemics.

Table 3 shows the regular population increase in Hongkong from 1841 to 1956. This increase is even more spectacular in graph form. Again the intercensal (ten year period) percentage increase is even more spectacular in graph form. Again the figures for the years 1945 onwards are estimates. No official government census has been made since 1941. However there is solid evidence since 1945 that the population of Hongkong has multiplied at least four times. This huge increase has been caused by four main factors: (a) The return of former residents after the war (b) Chinese from South-China seeking a higher standard of living (c) Refugees from the civil war in China (d) and the natural increase of population.

Hongkong's population problem can be summed up as follows.¹¹ The land area of the Colony of Hongkong is 391 square miles. Of this 12 square miles are developed for residential, commercial or industrial purposes, 50 square miles are cultivated, and the remainder is largely hillside or swamp which is unsuitable for agriculture and could not be developed for other purposes without disproportionately heavy expenditure on site-formation or services. The immediately useable land area of the Colony is, therefore, 62 square miles. From this and from the fishing grounds within and around the waters of the Colony 500,000 people obtained their livelihood in 1931. At the outbreak of the Japanese war the population had increased to 1,600,000. On the British reoccupation in 1945 the wholesale expulsions enforced by the Japanese had reduced that number to 600,000. By the end of 1946 the population was 1,600,000; by 1950 it was 2,360,000 and by the end of 1956 something over 2,500,000. Not all of the increase between 1945 and 1956 (nearly two million) was immigrant population. Perhaps a

figure of 400,000 represents the natural increase in the population and a further 400,000 the people who were residents of the Colony before the war and returned to it after the Japanese surrender. The increase between 1945 and 1956 due to immigration was, therefore, somewhere about one million, and of this number Dr. Hambro, who conducted a survey on behalf of the United Nations High Commissioner for Refugees in 1954, has estimated that about 700,000 were refugees. Hongkong was already overcrowded in 1941 and to arrive at a 'normal' population in relation to the Colony's actual state of development it is necessary to look back rather further to, say, 1937 when the population was about 1,200,000. The annual rate of natural increase is at present about 75,000.

We have, therefore, a total area of 391 square miles (of which 62 square miles is immediately useable) with a normal capacity of about 1,200,000 persons. This area is now required to accommodate over 2,500,000 persons and to absorb a rate of natural increase of 75,000 per annum. New Zealand by contrast has an area of 103,939 square miles, a population of 2,153,000 and a rate of natural increase of 27,000 per annum.

The figure of 75 thousand population-increase is almost certainly an under-estimate. Difficult conditions in China, contrasted with the relative peacefulness and prosperity of Hongkong, produce a constant population flow to the Colony. There are two regular lines of entry: one from Macau by boat and the other across the 19 mile border on foot. Both routes are hazardous because capture by the Chinese authorities is likely to result in long imprisonment or possible death.¹² Again discovery of illegal entry on the Hongkong side may also lead to imprisonment, followed by expulsion. There is ample evidence that every day of the week throughout the year entries are being attempted: most successfully.

This illegal flow is more difficult to control than along most international frontiers. The main bulk of Hongkong's population racially, socially and historically is related to South-China and there is a close feeling of sympathy and understanding on both sides. Thus there is much toleration and cooperation towards schemes concerning frontier irregularities. This underlines the basic position of Hongkong vis-a-vis Kwangtung: it is only on political grounds that it claims to be a distinct unit.

¹² Leonel Borralho, H. K. Tiger Standard Correspondent in Macau reported in the June 19th 1957 issue, that three farmers had been shot dead by Chinese troops while trying to cross from Chung Shan into Macau. These three were in a group of five. The same day eight other farmers from the neighbouring island of Lappa swam across the river to Macau.

In the China Mail, published in Hongkong June 21, 1957, it was reported that 38 people were arrested for illegal entry. One of the defendants, Chow Shan-yau, had tried to enter three times before. They were all Shanghai people.

¹¹ Extract from Hongkong Annual Report 1956.

An indication that is very approximate and does not claim any extreme accuracy, is the reduction in Macau's population. It is at present about 180,000. (See Table 4). This is based on two criteria: rice and electricity consumption. Rice sales are reported to have fallen off regularly since 1950 as indeed has the consumption of electricity. The annual population reduction is estimated at 20,000. A senior official of the Macau Electric Company stated that very few people in Macau now return permanently to China as conditions there are not attractive. Since there was no other outlet he assumed with sound reason that most of the 20,000 found its way to Hongkong. Normally it is not difficult for Chinese to enter Macau from the mainland. There is a well organised traffic engaged in smuggling people from Macau to Hongkong.¹³

The figure of 2,000 illegal entries a month to Hongkong is regarded as a conservative one. Thus to the officially estimated natural yearly increase of 75,000 must be added another 25,000, making a round total of 100,000 per year. It is therefore clear that with no outlet for Hongkong's excess population it will by 1961, if not earlier, have reached 3 million. There are many who feel that the present official figure, two and a half million, for the total population, is very much of an under-estimate.

The Macau Government Gazette published in June 1957 gives interesting figures of movements between Macau and Hongkong for the first three months of 1957: 168,843 visited Macau and 169,063 visited Hongkong. These figures show an increase between the two ports compared with the same

period for 1955. Again for the same three-month period 13,844 people went to Macau from Canton and 11,031 from Macau to Canton. The figures of movement between Canton and Macau are significant. Normally visits are for a few days only and approximately equal numbers arrive and leave over periods as long as three months. It will be noticed however that with the above figures almost three thousand remained in Macau, (approximately 1,000 for each month).

The seriousness of such a rapidly increasing population in an area as small as Hongkong is manifest. The associated problems are many. They included increased housing, demands for more gainful employment, more food, more educational facilities, increased water supplies, better communication and transport, more public health services, and more civic institutions. These increases offer a challenge, which at present (but only just) is being met. This is because money at present is available.

Hongkong's principal sources of revenue, other than those collected from locally consumed goods such as tobacco, spirits and petroleum, are from betting, sweepstakes, dancehall and entertainment taxes, land sales, property investments and income tax. However with regard to income tax it must be pointed out that the population is largely composed of unskilled labour and only a very small percentage pay income tax, certainly no more than 5 per cent.

It is a policy of the authorities in Hongkong to establish a standard of living which is compatible with its resources, yet still retaining a reasonable balance in relation to the standard of living in South-China. Too wide a gap would on the one hand cause greater population pressure from those outside trying to get in, while on the other hand producing higher costs of labour and overhead

¹³ According to reliable sources the charge for a guaranteed entry to Hongkong by junk from Macau is HK\$150. Crossing the frontier over the Shum Chun River is cheaper, HK\$75, but this route is decidedly more dangerous and arduous.

charges which in turn would cause industry to suffer a distinct disadvantage in competition with similar businesses in China.

TABLE 1

Comparison of Vital Statistics of Hongkong, Singapore and Taiwan—Period 1947-1956

Year	Birth rates			Death rates			Natural increase rates		
	H.K.	Singapore	Taiwan	H.K.	Singapore	Taiwan	H.K.	Singapore	Taiwan
1947	26.6	46.1	—	8.3	12.8	—	18.3	33.3	—
1948	25.0	47.3	39.7	7.1	12.0	14.3	17.9	35.3	25.4
1949	25.5	47.7	42.4	7.6	11.5	13.1	17.9	36.2	29.3
1950	27.5	45.8	42.5	8.4	11.8	11.3	19.1	34.0	31.2
1951	32.0	46.1	49.9	9.6	11.5	11.6	22.4	34.6	38.3
1952	32.5	47.1	46.6	8.8	10.9	9.9	23.7	36.2	36.7
1953	33.5	48.5	45.3	8.1	9.9	9.5	25.4	38.6	35.8
1954	36.6	48.9	44.5	8.5	9.3	8.1	28.1	38.6	36.4
1955	38.7	47.6	45.3	8.2	8.7	8.6	30.5	38.9	36.7
1956	41.3	—	—	8.2	—	—	33.1	—	—

TABLE 2

Distribution of Overseas Chinese

Country	Chinese	% of Population
Thailand	3,500,000	18
Malaya	3,013,000	44
Indonesia	1,598,000	2
Indochina	1,221,000	4
Singapore	861,000	77
Burma	360,000	2
Sarawak	164,000	27
Philippines	154,000	1
North-Borneo	83,000	23
Japan	38,000	.1
Hawaii	30,000	6
Korea	18,000	.1
India	14,000	.1

TABLE 3

Population Growth of Hongkong

Date	Population of Hong Kong
1840	1,500
1841	15,000
1848	21,514
1853	40,000
1858	75,000
1861	119,321
1876	139,114
1881	160,402
1891	217,936
1901	283,975
1911	456,739
1921	625,166
1931	849,751
1941	1,639,337
1945	600,000
1946	1,550,000
1947	1,750,000
1948	1,800,000
1949	1,857,000
1950	2,260,000
1951	2,013,000
1952	2,250,000
1953	2,250,000
1954	2,277,000
1955	2,340,000
1956	2,535,000

TABLE 4

Population of Macau

1. History extends over 400 years. 2. The present density of Macau is 80 thousand people to 1 sq. kilometer. 3. Population is mainly Chinese. 4. The area of Macau is 5 sq. kilometer. 5. In 1950 there were 2,939 deaths. 6. In 1952 there were 2,525.

Population of Macau: 1878: 59,959, 1895: 65,733, 1910: 75,866, 1920: 83,984, 1927: 157,175, 1939: 245,194, 1945: 450,000, 1950: 187,772.

Births: 1949: 1,917, 1950: 2,418, 1951: 3,421, 1952: 4,412.

Extracted from Bases E Processos Da Economia De Macau by Pedro Jose Lobo.

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THE COMMONWEALTH

The Extent of the Commonwealth

The Commonwealth, or Commonwealth of Nations, to give it its full title, is a free association of nine sovereign independent states together with their colonies, protectorates, protected states and mandated and trust territories. Including the dependent territories, the Commonwealth covers roughly a quarter of the world's land surface and contains about a quarter of its population.

Independent Commonwealth Countries: United Kingdom of Great Britain and Northern Ireland: Area: 94,205 square miles. Population: 52 million.

Canada: (Confederation 1867) Area: 3,845,144 square miles, Population: 16.5 million. Australia: (Federation 1901) Area: 2,974,581 square miles, Population: 9.5 million. New Zealand: (Dominion 1908) Area: 103,736 square miles, Population: 2,250,000. South Africa: (Union 1910) Area: 472,494 square miles, Population: 14 million.

India: (Independence 1947; Republic 1950) Area: 1,138,814 square miles, Population: 377 million. Pakistan: (Independence 1947; Republic 1956) Area: 360,780 square miles, Population: 82 million. Ceylon: (Independence 1948; Republican status pending) Area: 25,332 square miles, Population: 8.5 million. Ghana: (Independence, 1957; formerly known as the Gold Coast) Area: 91,843 square miles, Population: 4.5 million.

Malaya: (Federation, independence achieved August 31, 1957) Area: 50,690 square miles, Population: 6,152,099. Federation of Rhodesia and Nyasaland: (Established in September 1953. It holds a special position somewhat less than that of a Dominion. Northern Rhodesia and Nyasaland remain protectorates; Southern Rhodesia is a self-governing colony with certain qualifications having to do with powers reserved to the United Kingdom. Under existing laws, the constitution cannot be revised until 1962). Area: 478,010 square miles, Population: 7,260,900.

The colonies, protectorates and protected states range from Aden to Hongkong and to Zanzibar. Most of them are under the protection of the United Kingdom but some are under that of Australia, of India and of New Zealand. Mandated and trust territories are administered by the United Kingdom, South Africa, Australia and New Zealand. The New Hebrides is an Anglo-French condominium. Canton and Enderbury Islands are an Anglo-American condominium.

The Nature of the Commonwealth

The Commonwealth represents the results, in mid-twentieth century, of the expansion of the Anglo-Saxon peoples which began towards the end of the 16th century. This expansion, particularly noteworthy during the 18th century, has continued, at least to the extent of mandated and trusteeship territories, almost to our own day. The Commonwealth is not a trade or defence organization. It is not a federal union. It is not an institution. It is not a club. It is not a family. What then is it? It is a group of sovereign independent states linked in free association through a common inheritance of certain 19th century liberal political principles of Anglo-Saxon origin; through the use of the Common Law; and through the practice of tolerance, mutual respect and of a pragmatic, rather than a theoretical, approach to political and administrative problems.

Evolution of the Commonwealth

Stage I: 1887 to 1939

The first Colonial Conference was held in London in 1887 to celebrate Queen Victoria's Jubilee; the second was held in Ottawa in 1894; and the third in London in 1897 to celebrate the Queen's Diamond Jubilee. Thereafter Colonial and Imperial Conferences were held at intervals up to 1937 when they were superseded by Prime Ministers' Meetings.

The contribution made by the various self-governing Dominions, as they were then called, to the common effort in the First World War, caused them, under the leadership of Sir Robert Borden of Canada and Mr. W. M. Hughes of Australia, to seek and to secure representation at the Versailles Peace Conference and separate seats in the infant League of Nations. During the period 1919 to 1931 Canada, Australia, New Zealand, South Africa, Newfoundland* and the Irish Free State became fully independent, in fact as well as in name (though appeals to the Privy Council were not abolished in Canada until December 23, 1949 and are still allowed in Australia and New Zealand). Landmarks in this period were:

(a) The signature in 1923 of a bi-lateral treaty between Canada and the United States by a Canadian Minister. The Imperial Conference of the same year unanimously approved the principle, among others, that bi-lateral treaties imposing obligations on one part of the Empire only should be signed by a representative of that part.

(b) The declaration of the Imperial Conference of 1926, which stated that Great Britain and the Dominions were "equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations".

(c) The Statute of Westminster, 1931, which enacted into law the substance of the conclusions of the Imperial Conference of 1926, and of later recommendations. In brief, this Statute established the legislative equality of the Dominion parliaments with the parliament of the United Kingdom.

During this period, the Indian sub-continent had also moved toward limited self-government through the Montagu-Chelmsford Reforms of 1919, through the concept of the Dyarchy, (provincial executives with responsibilities divided according to category between elected and nominated members) and finally through the establishment of provincial self-government in British India (though not in the Princely States) in 1935.

Stage II: 1939 to 1950

As a result of the Second World War, the movement toward independence in the then colonial areas of South-East Asia became irresistible. The Labour Government of the United Kingdom under Mr. Clement Attlee acted to enable India to achieve independence on August 15, 1947. Since the Hindu and Muslim groups in India were unable to reach political agreement, independence also resulted in

* In 1949, after a brief period of reversion to colonial status as a result of financial stringency engendered by the depression of the 1930's Newfoundland, following a plebiscite in which the majority of its people favoured union with Canada, became the tenth province of Canada.

partition and the creation of Pakistan. Ceylon became independent in 1948.

In 1948, India signified its intention of becoming a Republic and at the same time its desire to retain its association with the Commonwealth. At a Prime Ministers' Meeting that year a formula was devised which was acceptable to all members of the Commonwealth. This formula designated the King as the symbol of the free association of the independent member nations of the Commonwealth "and, as such, the Head of the Commonwealth". India became a Republic on January 26, 1950. The head of the Indian State is the President of India; but the Head of the Commonwealth is the Queen and she is so recognized by India. Pakistan became a Republic under similar conditions on March 23, 1956, and Ceylon has announced its intention of doing so.

Thus during the period 1929-1950, the Commonwealth had changed from six (later five) predominantly Anglo-Saxon nations to eight members, predominantly of Asian origin, with a combined population of about 540 millions. The nature of the Commonwealth, in its constitutional arrangements, its racial content, and in its numbers, had been transformed.

Stage III: 1950 Onwards

Since 1950, this transformation has proceeded most slowly, though there were, even then, colonies which would obviously desire independence within the next decade. Now the first two of these, the Gold Coast, or **Ghana** as it is now to be called, and **Malaya**, have emerged as independent nations within the Commonwealth.

Self-government has developed rapidly in the Gold Coast. It was only in 1951 that its largely nominated Legislative Council became an Executive Council composed of a majority of elected representatives. By 1954 the Constitution of the Gold Coast had developed to such an extent that it was to all practical purposes a self-governing area. In 1954 and again in 1956 general elections with direct universal suffrage were held. On May 19, 1956, in a plebiscite held under UN auspices, the residents of the Trust Territory of British Togoland voted by a two-thirds majority to join Ghana when it came into existence. On March 6, 1957 both these areas joined the community of free and independent nations under the name of **Ghana**.

On February 8, 1956, the United Kingdom Government and Malayan representatives in London concluded an agreement providing for the transfer of full sovereignty to the Federation of Malaya by August 31, 1957, if possible. It was agreed that when the time came to transfer external defence to an independent Malaya, a treaty of defence and mutual assistance would be concluded giving the United Kingdom the right to maintain in the Federation the forces necessary to meet its international obligations in the area. Full facilities would be extended by the Federation to the United Kingdom, Australian and New Zealand forces forming the strategic reserve now in Malaya, and in return the United Kingdom would undertake to assist in Malayan external defence. The agreement became effective as planned, on August 31, 1957.

Within the next ten years the following colonial dependencies will probably have emerged into the world community of free and independent nations as members of the Commonwealth: the Federation of Nigeria, the Federation of Rhodesia and Nyasaland, and the West Indies. Their independence and admission to Commonwealth membership will add four nations, with a total population of about 38 millions (the great majority of them Africans) to the pre-

sent list of independent members. The policy whereby the United Kingdom prepared these territories for self-government has been described as a policy of "creative abdication". It is a policy to be admired, particularly since it brings into the community of free nations new members of an association which, while it may defy definition, has proved of lasting benefit to its associates.

Meanwhile, the colony of Mauritius is attaining a ministerial form of government which is normally the first step towards self-government. In the next decade, important decisions will also have to be taken regarding the future of such colonies or trust territories as Kenya, Tanganyika, the British Cameroons, Malta, Cyprus and Gibraltar.

PAPER MONEY IN MODERN CHINA (1900—1956)

COPPER BANKNOTES IN CHINA

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PART XXXI

COPPER NOTES IN HONAN PROVINCE

The Yu Chuan Official Exchange Bureau and the Honan Provincial Bank were the two note-issuing banks of the province of Honan, the former having been established in 1896, while the latter started in 1923. Apart from dollar notes, they issued copper currency notes in denominations of 10, 20 and 50 copper cents. The Yu Chuan Official Exchange Bureau emitted, apart from its dollar notes circulation, about 22 million chuan (one chuan was equivalent to 1,000 cash, or 100 copper cents) in copper notes. The fiat money of the Yu Chuan Official Exchange Bureau began to depreciate in the first years of the republican regime, when the Bureau had to resort to an excessive issue of notes as a result of large forced advances to the Provincial Government. The paper money of the Honan Provincial Bank did not even claim to have been issued against metallic reserves, for these were lacking. Therefore the notes of that institution were at a discount from the start. All attempts, made by the Honan authorities to improve the situation ended in failure.

In 1926, when Honan was embroiled by the civil war raging in neighboring provinces, the notes there depreciated rapidly. In June, 1926, about 600,000 chuan of the Honan Provincial Bank's copper notes and 30,000,000 chuan of the Yu Chuan Official Exchange Bureau's copper notes, both either recalled or still unissued, were publicly destroyed by fire at the capital Kaifeng. But, in spite of this extermination by bonfire, a large quantity of paper money, calling both for copper and silver, was retained in circulation. Meanwhile, pressed by dire necessity, the Honan Provincial Bank issued another 10,000,000 chuan of copper notes, which fact was responsible for a further monetary depreciation and a corresponding rise in prices.

Under date of December 11, 1917, the Kaifengfu correspondent of the "North China Daily News" (Shanghai) reported as follows:

"The official bank issued enormous quantities of small cash-notes—10, 20 and 50-copper notes—and then closed its doors for repairs. The public considered that repairs should be more necessary and proceeded to demolish the fence, shutters, etc., until persuaded by the soldiery on guard to desist. The official bank's notes are still the constant though depreciated medium of exchange, and, if the public is to continue to do business, either they or some note with a better backing must continue to circulate, as 'cash' is rapidly disappearing."

In its issue of April 25, 1928, the "Chinese Economic Bulletin" published the following statement about copper notes in Honan:

"Since its organization the Honan Provincial Bank of Agriculture and Labor has commanded the respect and credit of the people. Recently, to enliven the money market, the bank authorities have ordered the printing of copper notes from Shanghai in denominations of 10, 20, 50 and 100 coppers. Notes have arrived at the face value of 650,000 strings of cash, one string being equal to 10 coppers."

In 1928 the Agricultural and Industrial Bank of Honan issued copper notes amounting altogether to 10 million Tiao, each Tiao being equal to 100 cents (= 1,000 cash). Such notes in circulation were represented by the following denominations:

10-copper notes	3,500,000 Tiao
20-copper notes	2,000,000 "
30-copper notes	500,000 "
50-copper notes	2,400,000 "
100-copper notes	1,600,000 "

The Yu Chuan Official Exchange Bureau, as well as the Honan Provincial Bank, have been fully discussed under reference No. 48 and 49.

(322) AGRICULTURAL AND INDUSTRIAL BANK
OF HONAN

Seems to have endeavored to do better than its predecessors. However, toward the end of 1946 the Nanking Ministry of Finance forced the institution to merge with Provincial Bank of Honan, thus ceasing to exist. In the 17th Year of the Republic (1928) the bank had issued 10,000,000 strings of cash notes in denominations of 100, 50, 30, 20 and 10 cash.

(322a) HONAN OFFICIAL MONETARY BUREAU

Opened for business in 1896 as a provincial institution. By 1911 it had fiat money in circulation for about taels 1,700,000, dollars 100,000 and 300,000 strings of copper cash. The revolution in October of 1911 brought about a banking crisis, and a few years later, to wit in 1916, the bank had to close its doors, leaving a large portion of its notes unredeemed and valueless.

COPPER NOTES IN HOPEI (CHIHLI) PROVINCE

Native notes, marked "Twenty per cent. silver and 80 per cent. copper" were placed in circulation on May 3, 1903, in Tientsin. This is one of the measures by which the viceroy of Chihli aimed to afford relief of the Tientsin traders who felt severely hampered by the stringency of the money market.*

The Ta Ching Government Bank in 1909 had copper notes (Chien Piao) in circulation in Peking (and probably also such in some of its Northern branches) in denominations of 2, 3, 4, 5, and 10 Tiao. Strictly speaking, copper notes were not directly issued by the Ta Ching Bank, but by the Fu Tung. The total quantity issued was not known, but as there was much competition from other institutions, the amount could not have been considerable. The Metropolitan was in a sad plight in this respect; for not only did the hundreds of cash shops issue notes without restrictions, but also, the thousands of grain shops, tobacco shops, oil

* See "Banking and Prices in China", by J. Edkins, fol. 36.

shops, and many others, some with hardly any capital beyond that necessary to pay the printer. Needless to say, forged notes were almost as common as genuine ones, and it was everyone's business to be caught. Although these notes were supposed to represent coin payable at sight, they had their own rate of exchange, distinct from the rate for coins and with differences, sometimes of 1 and 2% above, or 7 or 8% below. If, they were accepted by some shop or other than the issuer, this, of course, did not go without a heavy discount.†

Both, the Bank of China and the Bank of Communications, had emitted copper notes in Peking; and when—in 1916—the Moratorium Order was issued, the poorest part of the population was hardest hit. In order to prevent riots from breaking out, it was arranged that copper notes should be redeemed outside the City Gate, but the amount per person was limited to 100 coppers in notes at one time, and there was a large crowd of applicants, which the author saw repeatedly.

The circulation of copper notes in Peking has, for many years past, been quite extensive. Notes were issued by exchange shops and Native Banks. One of the largest issuers was the Government Exchange Bureau. Its inflationary tactics caused a crisis toward the close of 1923, by which time inflation was rampant and depreciation was up to 40 per cent. The inflation was caused by the following circumstances:

The Exchange Bureau gave its copper notes as security to various banks against loans in silver currency. The banks required a margin of from 50 to 60 per cent. These loans when falling due were seldom met, so that the Exchange Bureau had to agree with the loaning bank to dispose of the copper notes which it had deposited as security. Such sales were effected at heavy discounts, thus causing correspondingly large depreciation. The loaning bank was hardly ever concerned with the copper exchange, but such operations worked great hardships on the poorer population whose currency holdings consisted largely of copper notes.

By order of the President, the vice-minister of Justice instituted inquiries. These resulted in findings that several officials of the Government Exchange Bureau had been responsible for the loans and the inflation. In order to restore the equilibrium of the copper exchange, it was found that about \$1,400,000 in silver would be needed. The Ministry of Finance raised \$400,000 from revenue, and four Chinese banks advanced \$600,000. The \$1,000,000 thus raised was deposited with the Bank of China, the Bank of Communications, the Kinchong Banking Corporation and the Yien Yih Bank as a redemption fund for those copper notes.

All copper notes in circulation in Peking were to be redeemed. The Government Exchange Bureau was placed under the control of a directorate composed of delegates from the Ministry of Finance, the Peking Municipality and the Peking Chinese Bankers Association. A Presidential Mandate was issued on December 15, 1923, ordering the arrest and punishment of the official responsible for the inflation. These measures resulted in the rise in the value of the copper notes up to 80% of their face value.

Another serious and prolonged crisis, brought about by another inflationary movement in connection with Peking copper cash notes, occurred in 1928.

A peculiar story, though fully in accordance with truth, about a note-issue in Kalgan, was related by the Peking correspondent of the "North China Daily News" (Shanghai), who reported under date of May 8, 1925, as follows:

"Marshal Feng Yu-hsiang is now giving the world an example of how to run a bank with no capital, according to a traveller just returned from Kalgan. The bank is called the Northwestern Frontier Bank, and a few weeks ago the Cabinet allowed it a note-issuing right. A stock of notes of all denominations was ordered, and when they arrived in Kalgan, were foisted on the other banks and money shops for exchange at par value for other notes. The bankers, of course, objected to the transaction, but had to acquiesce therein under duress that only Chinese militarists can apply. Feng is also distributing his own copper notes for services rendered, but his bank will not cash even the lowest denomination paper money of its own issue.

This extraordinary entry into banking has aroused the indignation of the Kalgan people, but no redress is in sight, and already thousands of dollars worth of notes have been disbursed throughout the special area. Feng is apparently afraid of the reception of his latest idea, for now he goes about accompanied by a heavy guard."

Peking suffered a good deal from inflated issues of copper notes. According to the "Peking Jih Pao" of September 2, 1922, local merchants there made a proposal

† See "Notes on the Chinese Government Bank" by Jules Gory.

that the copper notes then circulating in the Metropolis should be withdrawn altogether and replaced by nickels.

The same paper reported on September 19, 1923, that the then Minister of Finance, Chang Hu, has submitted a Memorandum to the Cabinet, outlining measures intended to prevent further depreciation of copper notes in Peking. He made the following suggestions:

- 1) The police should be instructed to forbid merchants and money exchangers to discount the copper notes.
- 2) More offices should be opened in the city to facilitate the redemption of copper notes.
- 3) As soon as copper notes are withdrawn from circulation they should be publicly destroyed.
- 4) The copper notes which the Government had pledged to the banks as security for loans should be withdrawn and new agreements should be signed with the banks regarding guarantees for the repayment of such loans.
- 5) After the destruction of the redeemed copper notes, no new ones should be issued by the Government, unless requested by the Peking Chamber of Commerce, or members of the local gentry.
- 6) The provincial mints should be instructed to issue more copper coins, so as to enable the Government to redeem the notes.

These measures were endorsed by the members of the Cabinet at a meeting held shortly thereafter. Needless to say, none of these suggestions became effective, or were acted upon, except temporarily. Peking continued to suffer from unsecured over-issues of copper notes.

A vivid picture of the copper notes situation in Peking was given by the Kuo Wen News Agency of Peking on December 30, 1926:

"Although the Government Exchange Office has denied the report that an unlimited amount of copper notes is being circulated in the market and declared that only a total of some \$350,000 worth of such notes has been issued, the money market in the capital (Peking) is now flooded with copper notes, and cash silver is becoming more scarce daily, though it is urgently demanded at present owing to the approach of the New Year. The rate of exchange is therefore subjected to constant fluctuations momentarily. A dollar is now exchangeable for 375 copper coins, and the price of the former is expected to rise further. According to predictions in the exchange circles, a dollar will soon be exchangeable for 400 copper coins before the conclusion of the lunar year. It is said certain parties are absorbing large quantities of silver by the issuance of paper notes, and a crisis is imminent if this manipulation is not checked. Prices of foodstuffs and articles of daily necessities continue to rise accordingly every day."

Due to military movements, copper notes issued by the Chahar Hsing Yeh Bank (Chahar) were circulating in the Peking market in the autumn of 1927 to the amount of \$170,000. When these notes showed considerable depreciation, redemption was ordered by the Peking authorities. Cashing was actually begun, but judging by the fact that, by June of 1928, these notes had practically become worthless in the Peking market, one might logically arrive at the assumption that those measures remained without effect.

Coupled with the virtual rejection by the Peking market of the copper notes issued by the Chahar Hsing Yeh Bank came runs (June, 1928) on the Ching Chao Exchange Bureau. In order to avoid a panic, the said Bureau handed to the Chamber of Commerce \$100,000 for the stabilization of the Bureau's notes. These copper notes were then quoted at 390 coppers to the dollar and gradually

showed a slight improvement. The copper notes emitted in Peking by the two named sources drove out copper coins, for which there was considerable demand in the Metropolis. The disorders brought about by the excessive circulation of that fiat money could clearly be traced to soldiers and matters connected with the military.

The Chihli Provincial Bank, by the end of 1928, had copper notes in circulation amounting to 969,572,400 Tiao.

On January 8, 1936, the Central News Agency cabled from Peking that, to meet the situation arising from an acute shortage of copper coins in Tientsin and Peking, the Agricultural Bank of Peking had decided to issue another \$600,000 worth of copper notes in small denominations.

Shortly thereafter the "North China Daily News" (Shanghai) published a news item (April 13, 1936) to the following effect:

"In view of the gradual decline in the value of copper coins, measures have been discussed by the Tientsin authorities to raise the value of copper to the fixed rate of 460 coppers for one dollar. The meeting was held at the office of the Public Safety Bureau, at which delegates representing the Social Welfare Bureau, Chinese Chamber of Commerce, Native Exchange Guild, Chinese Bankers Association, Belgian Tramway Company and Public Safety Bureau were present. It was pointed out at the conference that the cause of the decline of the value of copper has been attributed to the fact that the copper notes now in circulation are in excess of the actual demands. The banks which are authorized to issue copper notes are the Tientsin Hopei Provincial Bank and the Bank of Agriculture and Industry in Peiping."

The Hopei Provincial Bank issued copper notes dated 23rd and 24th Year of the Republic (1934 & 1935). These were printed by the Peking Bureau of Engraving & Printing in denominations of 10, 20, 30, 40, 50, 60 and 100 coppers.

In December, 1935, \$200,000 worth of copper cash notes were issued by the Hopei Provincial Bank in Tientsin, to cope with the serious shortage of coppers in that city.

Beginning with April 22, 1936, the Hopei Provincial Bank and the Tientsin branch of the Bank of Agriculture and Industry commenced to withdraw copper notes then in circulation in Tientsin, amounting to about \$200,000 worth. A steady stream of persons lined up along Rue de Takou, waiting to exchange the notes for copper coins or legal tender notes from the Bank of Agriculture and Industry.

The following statement of the copper note-issue and reserves held in the Metropolitan Money Exchange Bureau is given as a result of official investigations: copper notes in circulation 1,430,000 chuan, worth \$366,692.32; unissued notes 69,900 chuan; reserve in cash deposited with other banks \$331,246.67; reserve in bonds on hand worth \$28,000; and reserve of cash on hand, \$7,345.65.[†]

The copper note problem remained difficult and turned worse as time went by. It might be mentioned here that the significance of finding the name of the Tientsin Tramway Company mentioned in connection with the copper cash imbroglio was the fact that tramfares were payable in copper 1-cent pieces. However the (Belgian owned) Tramway Company resisted the suggestion that it ought to accept paper money calling for copper cash. In order to show what the position was in Tientsin toward the close of 1936, a despatch from Tientsin, published in the "North China Daily News" (Shanghai) under date of November 17, 1936, is cited here verbatim:

"Holding that it has not sufficient copper coins on hand to meet public demands, and that it is not in a position to

[†] See "Chinese Economic Bulletin", No. 351 of November 12, 1937.

comply with the authorities' decision to pay out coins at the rate specified, the Bank of Agriculture and Industry in Tientsin has stopped dealing in coppers.

No copper coins were paid out by the bank, nor copper notes issued. The bank is awaiting proper measures to adjust the situation before resuming its dealings in coppers.

The decision reached by the authorities setting an identical rate of 470 for coins and notes in exchange for legal tender so far has proved ineffective and the decision has been totally ignored. Last week's rate in the Concessions stood at 470 in notes, while a dollar could be changed for only 450 in coins, a difference of 20 coppers.

Realizing the embarrassing situation, the authorities did not press the Tramway Co. to accept copper notes from passengers in payment of fares.

If the Bank of Agriculture & Industry had continued to pay out coins in exchange for notes in "an unlimited sum", it was explained, "people would take advantage of the different exchange rate to make a profit by gathering copper notes in the Concessions and demanding coins at the bank."

Chinese authorities, when interviewed, stated that they believe that the situation is likely to become normal in the near future, but they have no definite plans in mind to adjust the situation caused by the shortage of copper coins, which continues to menace the livelihood of people of modest means."

During the closing days of 1936, a shortage of copper coins was reported from Tientsin. Thereupon the Tientsin Peoples Bank was instructed by the municipal government to issue \$500,000 worth of copper notes, in order to meet the demand of the market.

Most of the issuers of copper notes in North China have already been recorded, to wit:

Chahar (also Tsihar) Hsing Yeh Bank; also Jehol Industrial Bank; see 69.

Chihli Provincial Bank, reference No. 46;

Provincial Bank of Hopei, reference No. 47;

Agricultural and Industrial Bank of China, reference No. 173.

On the other hand, so far no tabulation was made of the

(323) METROPOLITAN MONEY EXCHANGE BUREAU

which really was a branch of the Ministry of Finance, Peking.

(324) TIENTSIN PEOPLES BANK

Seemingly a municipal bank, which issued copper notes in 1936.

(325) MINISTRY OF FINANCE OFFICIAL MONEY BUREAU

In about 1919 issued copper notes for 10, 20, 50 and 100 coppers for circulation in Peking, Tientsin, Paoting & Shantung. During the first 4 years the notes circulated freely. Thereafter they declined constantly, finally becoming practically worthless.

(325a) CHANGLI CHAMBER OF COMMERCE

In 1924 this institution not only issued copper notes, styled "Financial Relief Notes", but went so far as to affix its seal (as a sign of good faith) on private emissions of shops in Changli, though this was a reckless practice. Changli is situated on the railway line connecting Tientsin with Mukden.

(325b) HOPEI MONETARY BUREAU

In 1928 issued a large amount of cash notes, namely 969,572,400 strings of cash, the final fate of which is shrouded in sombre mystery.

(To be Continued)

PLASTIC INDUSTRY REPORTS FROM JAPAN

FIVE-YEAR EXPANSION PLAN

Overcoming all the difficulties that arose after the war's end, the Japanese plastic industry has now risen to become fourth largest in the world. The plastic industry is now working out an ambitious five-year expansion program. Statistics show that the United States topped the list in 1955 with 1,415,212 tons of plastic resins. Following West Germany (421,300 tons) and Britain (324,120 tons), Japan ranked fourth in 1955 with 158,500 tons. As these figures tell, the output of plastics is a sort of yardstick for general industrial development.

Japan's plastic products include: phenolic resin, urea resin, silicone resin, melamine resin, polyester resin, polyvinyl chloride (calendered flexible products, rigid PVC pipes, rigid PVC plates and PVC film sheets), polyvinyl acetate, polyvinyl alcohol, cellulose acetate, polymethyl methacrylate, polyethylene products and polystyrene products.

The production of various kinds of plastic resins is steadily rising. In fiscal 1953, the nation's plastic production amounted to 81,830 tons; in fiscal 1954, 107,010 tons; in fiscal 1955, 158,500 tons; and in fiscal 1956, 245,504 tons. Item-wise, phenolic resin totaled 18,059 tons in fiscal 1956, urea resin 59,729 tons, melamine 4,571 tons, silicone

resin 197 tons, polyester 1,582 tons, polyvinyl chloride 66,687 tons, polyvinyl acetate 31,536 tons, polyvinyl alcohol 13,084 tons, etc. At present urea resin and polyvinyl chloride are the mainstays of Japan's plastic industry. Raw material for their production such as urea, formalin and carbide, are self-sufficient in this country.

With its ambitious five-year expansion program, the Japanese plastic industry plans to produce 620,130 tons of plastics by 1960. According to the Plastic Industry Association, Japan's plastic production will reach 326,155 tons in 1957, 440,990 tons in 1958, 532,230 tons in 1959, and 620,130 tons in 1960. In 1960, phenolic resin will amount to 36,100 tons, urea resin 82,500 tons, melamine 7,000 tons, silicone 800 tons, polyester 8,000 tons, polyvinyl chloride 200,830 tons, polyvinyl acetate 102,200 tons, polyvinyl alcohol 47,200 tons, polystyrene 47,000 tons, and cellulose acetate 36,100 tons.

IMPORTANCE OF PLASTIC INDUSTRY

Scientists who look ahead envision many things of wonder that will become realities: home remodelled or built from the ground up entirely with plastics that will be identified by their beauty, color, durability and low cost; sleek,

stream-lined cars using plastics that require no oiling, with panelling and bumpers made from "memory plastics" which revert to the original shape if dented by collision. The fashion world, too, is feeling the impact of plastics. There is reason to believe that the budget-minded person in the future will be able to buy plastic clothing with a life-time durability built-in. These are just a few of the possibilities that far-thinking scientists envision and even their estimate may be conservative.

Just what are plastics? The dictionary defines it this way: "Materials that can readily be softened by heat, but not necessarily so, and can be shaped into useful articles while in this softened state." Throughout the world, at least a half hundred different families of plastics are under study in laboratories. And in Japan more than a dozen are actually being produced in volume for consumption. Japan ranks fourth in total production of plastics. Contributing to this industrial accomplishment are more than one hundred manufacturers and at least 4,000 fabricators who use plastics for making a resplendent variety of goods. All plastics have several things in common—they are light, sturdy and electrically non-conductive. Because of these attributes, plastics in the future will still more dominate the industry of the world.

Roughly speaking, plastics can be divided into two different groups. One is the thermo-plastic type which becomes more elastic as heat is added, and the other, a thermo-setting type which becomes harder when heated. The first group includes phenolic resin and urea, melamine and silicon resins, the second includes polyvinyl chloride, methacryl resin, styrene, ethylene and polyester resins.

From the standpoint of raw materials, plastics can also be divided into those made from cellulose, coal and petroleum. Cellulose acetate and celluloid belong to this first grouping, while phenolic resin, urea, melamine and a few other resins belong to the second. The third, which is made from petroleum, are soon to be produced in Japan. In this group are polyethylene, polystyrene and methacryl resins, all considered the latest and most important of plastics.

In the field of synthetic textiles which are also part of plastics, nylon, vinylon and amilan are produced from coal while orlon and dacron are the products of petroleum.

In Japan the production of plastics during fiscal 1956 surpassed 245,500 tons, or more than double the output during fiscal 1955. Major plastic categories consisted of phenol and urea resins and polyvinyl chloride. The increased production of phenol resin was due to the increasing demand from power plants and the continuing trend toward home electrification. Urea resins, noted for their superb adhesive qualities, were mostly used for making plywood.

The remarkable upswing in the output of polyvinyl chloride is attributed to the increasing use of this material in the manufacture of water pipes, which are largely replacing lead pipes. Experts claim that the plastic industry in Japan has grown just about five-fold in the last five years, and that no industry has made as rapid phenomenal an advance as the plastic industry. So far production has been unable to keep up with the increasing demand. Statistics show that the rate of plastic consumption in Japan was way below the consumption levels in the United States and West Germany.

This increasing demand for plastics is a major factor hampering Japan's export of plastics to foreign countries. Fiscal 1956, Japan imported Y6.5-billion worth of plastic materials, whereas her export of plastics (both materials and products) amounted to only Y2-billion, resulting in the

unfavorable balance totaling Y4.5-billion. Largest among export items were a variety of plastic goods, such as toys, buttons, handbags, and raincoats, which were shipped largely to Southeast Asian countries. A considerable amount of buttons and ladies accessories were also sent to the United States.

Experts point out that there is a very good reason for the development and expansion of the plastic industry in Japan. Some of the necessary materials, such as urea, formalin and carbide, are plentiful in this country, so that urea resin and polyvinyl chloride can be produced in volume with little cost. However, Japan lacks enough petroleum resources, which are an important source of material for manufacturing polyethylene and polystyrene, the latest and most fabulous of plastics.

In 1956, Japan imported 13,000 tons of polyethylene and 8,000 tons of polystyrene, largely from the United States, England, Canada, and West Germany. The petroleum industry is in the process of tying up with foreign concerns. A test production of polystyrene (some 500 tons monthly) has been underway and the production of polyethylene (2,000 tons) started from November last year. This will enable Japan to save Y6-billion.

Polyethylene is claimed to be the lightest of all plastics, while polyester, produced from polystyrene, is lighter than aluminum and stronger than steel. The thin elastic film of polyethylene is especially useful as a food wrapper while polyester is used widely for car coverings, boats and windshields for airplanes. In keeping with the increasing demand for plastics both at home and abroad, manufacturers have been working hard to increase productive capacity. They have already seen their way clear to fulfilling needs in the first half of fiscal 1957; by that time production will be hiked considerably and cost will be relatively down. This means that Japan will be in a better position than ever to supply consumers with greater value for price paid.

SCOPE OF PLASTICS

From soap boxes to automobiles and from artificial teeth to check-writing ball-point pens to pay for them, plastics dominate everyday living. They are to be seen everywhere, in the home, in the office, and on the street. Plastics have been put to a thousand and one uses, nay ten thousand and one. In fact, there are so many items made of plastic that it is impossible to name them all. Although there are many different kinds, all plastics have a common heritage: they are far superior to natural products.

Some of the fine qualities of plastics are their lightness, flexibility and toughness. They are also excellent insulators and are resistant to most chemicals. Because they resist water and are easy to dye, plastics are specially suitable for kitchen utensils, furniture and clothing. Their only shortcoming is that they cannot endure heat, although most of them are non-inflammable. This is especially important for kitchen utensils, which are largely made of urea resin, or polyvinyl chloride. The former tends to crack in heat and the latter to lose its shape. This necessitates utmost caution in handling plastics, especially when washing plastic containers or pressing such synthetic textiles as nylon, vinylon, and dacron.

But the outstanding quality of plastics has far outweighed their shortcomings. In the last few years the humming plastic industry has caused a vast flood of their products to cover markets all over Japan. The impact can be felt on a leisurely walk through any department store. Meeting the eye are women's handbags of vinyl chloride, nylon or styrene hair brushes, alarm clocks made of beauti-

ful urea resin, and popular radio receivers made from a variety of plastics such as phenol and methacryl resins and polyvinyl chloride. In the sports world, too, plastics are rapidly supplanting many of the materials heretofore used in the manufacture of sporting goods. Common everywhere are plastic tennis rackets, vinyl balls, plastic golf balls, tees, gloves, shoes and protective headgear.

Recently, a new field for plastics is increasing by leaps and bounds in interior decoration through the use of colorful and long-wearing plastics. These new materials are characterized by their lustrous finish and are stain-proof, heat resistant and hygienic. In Japan, one of these plastics made from melamine resin is called Decola, a product of the Sumitomo Bakelite Co. Its acceptance by the public at large has made Decola a familiar byword.

REINFORCED PLASTICS

Interest is now centered on reinforced plastic because of its multiplicity and versatility. This plastic is fast becoming indispensable to virtually all fields of modern industry. What is reinforced plastic? When and how did it make its debut on the market? And what is its future? The reinforced plastic is perfected in order to correct the frailty characteristics of ordinary plastic products. It is often compared with ferro-concrete which is reinforced by the application of a steel frame. In the plastic industry, fiber glass is most widely used as a reinforcing material for plastic, while polyester is used for manufacture of plastic.

Reinforced plastic has the hardness of iron, and lightness of aluminum. Moreover, it is characterized by excellent strength, dimensional stability and resistance to moisture, heat, sunlight and other deteriorating factors. Many materials, including polyester, asbestos and synthetic fibers, are used for adding strength to plastic. Phenol and several others are used, in addition to polyester.

Commercial manufacture of reinforced plastic was initiated during the early stage of the last world war in the United States. The history of plastics itself dates back to early 1930 when fiber glass was invented. However, it was about early 1940 when plastic was manufactured through a combination of fiber glass and polyester at ordinary temperatures and at a low pressure, if any.

The future of the industry was immediately assured, especially after it was discovered during the last war that reinforced plastic because of its transparency was ideal as covers for radar sets. Following pilot plant trials for some years, quantity production of fiber glass reinforced plastic, known as FRP for short, was undertaken in the U.S. Its primary use in the U.S. during the war period was for electrical insulation on radar wire and cable and for some 150 other kinds of military equipment.

Some went as far as to say that the application of FRP in manufacturing packaging materials and helmets in wartime U.S.A. helped the Americans to emerge victorious in the last world war. Reinforced plastic is a "war baby." Postwar advance in new reinforced plastic, especially in the field of civilian industry, has spread to the industries of aircraft, automobiles, trains, trucks, boats, and in the building construction as well as decorating field, which holds great promise of being a major factor in the future expansion of the plastic industry.

Canada and Mexico are striving for the development of reinforced plastic, while on the European continent Germany, France, England, the Netherlands, Italy, Norway, Sweden, and Switzerland have made remarkable progress in reinforced plastic in many ways.

In Japan, fiber glass was first developed in 1930. But for the actual development of plastic Japan had to wait until after war's end. Research on polyester began in late 1940 in Japan, but she had to import polyester resin from abroad in those days. The plastic industry in Japan took a big stride in 1953 when she succeeded in manufacturing polyester resin at home. To keep abreast of world progress, the Japanese Government took special steps to encourage the Japanese industry by mapping out the first five-year plan for the development of the synthetic fiber industry in 1955 and the second five-year plan in 1956. The actual output, as of last July, already exceeded the goal for the year 1957—the third year of the first five-year plan. There are a few firms manufacturing fiber glass for reinforced plastic and there are several manufacturing polyester resin with a considerable number of factories manufacturing finished goods made of reinforced plastic.

Most popular finished FRP goods are corrugated sheets and flat boards now used in the construction of buildings. There are about 10 makers for FRP building construction

materials, with monthly output of 35,000 sheets. They are fast replacing conventional sheet glass and asbestos boards. The Defence Agency, recognizing its maximum strength, hardness and resistability and insolubility, recently began full-fledged research of fiber glass reinforced plastic. In fact, some of the defence equipment is now being made by FRP.

Besides being used as construction material, the fiber glass reinforced plastic is made into safety hats, gasoline tanks, chemical containers, electrical appliances, fishing accessories and tubes. Quantity production of automotive bodies as well as boats by fiber glass reinforced plastic is now under study. The FRP-made portable ladders used by the Japanese Mt. Manaslu expedition surprised their British counterpart. A sample yacht all of FRP and the FRP-made body of a glider have drawn keen interest in the overseas market.

It is now self-evident how significant reinforced plastic is for a country like Japan, which is short of such vital materials as iron, steel metal and lumber. Besides, fiber glass does not need any special imported materials for its manufacture, while polyester resin can be manufactured self-sufficiently. Coupled with Japan's traditional skillfulness, the future of fiber glass reinforced plastic through consistent development of these three elements is bright.

It will not be long before FRP-made goods will become one of the key export industries of Japan. Fishing rods made of FRP are already being exported to the U.S., while a considerable number of inquiries for corrugated sheets has been received by many manufacturers. In short, reinforced plastic, with their almost limitless color range, rust proof and ease of cleaning, meet modern industrial requirements and especially Japan's economic needs.

PVAc & PVA

PVAc (polyvinyl acetate) and PVA (polyvinyl alcohol) both of which are made from acetylene are among the most commonly used plastics today. PVAc, which is used either as it is or combined with vinyl chloride, acrylate, vinyl ether, etc., serves as a glue for paper, wood, textile, hide and leather, metal foil, etc.; agent for paper or textile processing; paint vehicle, chewing gum base, etc.

The emulsion type PVA especially comes in handy because it can be thinned with water and easily mixed with other materials. As it is moreover inexpensive it is used in large quantities as a glue and a liquid paint. Its strong adhesive, climate-proof and decomposition-proof qualities are well known. About one ton of PVAc is produced daily in Japan. It is not only sold in Japan but is also exported to various countries, including Formosa, Communist China, Southeast Asia and India. PVA, which is sold by Du Pont as "Elvanol," is produced in large quantities in Japan as the raw material for the synthetic fiber "Vinylon." The monthly output is about 1,500 tons.

The PVA produced by the Nippon Gosei Kagaku Kogyo K.K. (The Nippon Synthetic Chemical Ind. Co., Ltd.) is sold by the trade name of "Gosenol" not only in Japan but throughout the world. PVA is a colorless, tasteless, harmless, water-soluble, oil-proof and decomposition-proof plastic. The PVA coating has an excellent mechanical quality. Combined with other chemicals, PVA is used for various purposes such as electric wire coating, safety glass and paint base. After processing, PVA can be made water-insoluble by means of chemical reaction. PVA is an ideal material for solidifying synthetic fibers such as nylon, acrylan and acetate.

Sold as "Goselan" by the Nippon Gosei Kagaku Kogyo K.K., this new resin is alkali-soluble and solvent-soluble. Being highly adhesive and friction-resistant, it is used as a sizing agent for synthetic fiber filaments. As it is lustrous, water-proof, oil-proof and friction-proof, it is made highly of as an agent for paper finishing, a glue for paper, wood, and metal, a paint binder, etc. It is actively exported to foreign countries.

PETROCHEMICAL INDUSTRY PROGRESS

Importance of the petrochemical industry for the Japanese economy is beyond measure, although the industry is still rather new for Japan. The industry, on a road of development in recent years, will give various "indirect" aids to Japan's economic expansion. The industry will not only save spending foreign currency but will also help earn more by enabling the nation to turn out something new and will help expand national economy in a desirable direction. The economic effect the industry will give to the

Japanese economy is more in "indirect" ways rather than in "direct" ways because of the basic nature of the industry. The industry is one of the basic chemical industry and has an objective of providing various materials for the production of synthetic fiber, synthetic resins and synthetic rubber.

How, then, will the petrochemical industry actually affect Japan's wide variety of industries for the benefit of them as well as for the nation? First of all, the industry will help reduce the cost of basic raw materials for various chemical products. Japan now depends mostly on coal, carbide and others for the production of organic chemical products but since their prices are higher than the international level, their products are the same with less international competitive power. Domestic price of ethylene oxide, acetone and butanol are sometimes two times that of prices in the U.S. market and so are the aromatic products. If prices of its products such as synthetic fiber and synthetic resins could be thus reduced, by means of the petrochemical industry, Japan's export of various products could also be raised considerably.

Secondly, there are many products which could only be produced on an economic yielding basis through petrochemical means and which are already mass produced in foreign countries. As demands are on a gradual rise in Japan, she is yearly spending big amounts of dollar to import these goods. They are polyethylene, ethylene glycol, styrene monomer, polystyrene, synthetic rubber (GRS, GRA, GRI etc.) and methylethylketone. These could be turned out economically only through the petrochemical processes. In fiscal 1955, Japan's imports of these goods reached well over \$20-million. If Japan's petrochemical industry was not to be developed, she would have to import \$100-million worth of them by spending foreign exchange in 1960. Domestic production of these goods is important so as to save foreign currency. If these plans could be materialized, imports of some \$70-million of them could be saved by 1960 and would be a big plus to Japan's foreign currency situation.

Thirdly, the industry will contribute to Japan's attainment of self-support in various materials which are in short supply. Development of synthetic fiber and synthetic resin industries is one of the levers of Japan's national economic expansion. But some of the materials for their production, such as benzol and synthetic phenol for nylon production, acetone for methacryl resin production and others are already in short supply. When production is to be further expanded, producers will have to depend on Japan's own petrochemical industry for the supply of these materials.

Should Japan have no petrochemical industry of her own, supply of aromatic products will become in short of supply by as much as 67,000 tons in fiscal 1960. By that time, it is estimated that the supply of acetone alone will be short by some 8,000 tons and octanor by 5,000 tons. These products are precious not only in advanced countries but also in Japan, as materials for synthetic fiber and resin industries. Dependency on foreign supply is not only minus in foreign currency but would also be a big minus in terms of international competition. Complete self-support in the basic chemical products is one of the biggest problems Japan should realize herself in her economic self-support.

Fourthly, through the development of this industry, Japan's export capacity will be considerably expanded. The petrochemical industry is one of the latest and most modern industries requiring huge amounts of capital and large-scale industrial structure. It will be sometime before this industry can be developed in other Asian countries. Still, however, demands for their products are gradually on the rise and it is expected that Japan will be in a position to export her products, when mass produced, to Asian countries. By industrialization of the petrochemical industry, Japan's export capacity will be considerably expanded not only in direct exports of goods produced by the petrochemical materials but also through processing of various goods.

We cannot overlook the effects the industry will give to the chemical fertilizer industry. The development of the petrochemical industry will be accompanied by the large production of gas by-product at a very low cost.

CHINA'S ACHIEVEMENTS IN 1957

Vice-Premier Po I-po, as Chairman of the National Economic Commission, claimed that 1957 was a year of "great victories" on many fronts. Great victories on the political and ideological fronts spurred on victory on the economic front, he said; and the victory on the economic front in turn consolidated victories on the political and ideological fronts—in fact a charmed if far from charming circle in which the Party dictatorship imposed its will on all who ventured to criticise it last May, when, as Po I-po put it, "the bourgeois rightists became so drunk with ambition that they utilised the opportunity to launch an extremely violent attack on the CCP and the socialist system in an attempt to stage a come-back of Capitalism in China."

On the industrial front, total investments in capital construction in 1957 amounted to 12,370 m. yuan, raising to 48,777 m. yuan the investments during the first five year plan. Industrial investments for 1957 amounted to 6,550 m. yuan, and on an average throughout the year a major enterprise was completed almost every two days. They included 22 belonging to the 156 projects designed with the aid of the Soviet Union. The most important of these were the Penki Iron and Steel Co. near Anshan, the Heilungkiang Steel Plant, the Kirin Fertiliser Factory, the

Kirin Carbide Factory, the Harbin Boilers Factory, the Sian Electrical Condenser Factory, the Taiyuan No. 1 Thermal-Electric Power Station, the Kiamusze Paper Mill, etc. In addition to these there are the Shenyang (Mukden) Heavy Machinery Plant, the Shihtsetan Hydraulic Electric Station in Szechuan Province, the renovated Antung Synthetic Fibre Mill, etc. All were designed in China. With these major enterprises in operation, China can now raise the rate at which she can supply herself with high-grade steel and alloy steel. She now has an up-to-date, comprehensive chemical industrial base; she can herself make boilers needed by thermal power plants and certain heavy machinery which she still lacks; and she can produce paper on a large scale for industrial use.

In 1957 the new industrial capacity (calculated on the basis of annual output) acquired by enterprises under the Ministries of the Central Government alone accounted for 14,890,000 tons of coal, 3,250 million kwh of electricity, 810,000 tons of pig-iron, 485,000 tons of steel products, 1 m. tons of cement, 520,000 bales of cotton yarn and 77,000 tons of machine-made paper. The Vice-Premier claimed that the high tide of the campaign for a "full airing of views" had swept through enterprises over the length and

breadth of China and that all the workers had received a Socialist education, and their sense of responsibility had been enhanced. The number of absentees was greatly reduced and labour discipline strengthened and management improved.

On the agricultural front, grain output in 1957 was estimated at 370,000 million catties (one catty equals 0.5 kilogramme or 1.1023 lbs), an increase of 5,000 m. catties; and cotton a total of 32.8 m. tan (one tan equals 0.05 metric tons); jute and ambary hemp rose by about one million tan and pigs by about 30 m. head. The total output value of agriculture and its subsidiary occupations increased by 3½% and amounted to 60,350 m. yuan (in terms of the constant prices of 1952). Because of serious floods and droughts the total output value reached only 98.7% of the annual plan. The yields of grain and cotton in 65 counties and cities in various parts of China reached the respective quotas of 400, 500, or 800 catties per mou (a mou is 0.1647 acre) and the yields of cotton in 56 counties and cities reached the respective quotas of 60, 80, or 100 catties per mou. This means that they fulfilled the tasks laid down in the revised draft programme ten years ahead of time. In eleven counties in Kwangtung, Fukien, Hupeh and Szechuan the average yield of grain has already reached or surpassed 1,000 catties per mou. A survey of more than 340,000 APCs in 16 provinces and cities revealed that only a quarter of them had already exceeded the level of production and income of local well-to-do middle peasants, (which, it may be added, is less than the total percentage of middle peasants, and thus indicates no improvement in income).

The Vice-Premier claimed that the counter-offensive against the Party critics in the countryside ended the vacil-

lation of the well-to-do middle peasants between the socialist and capitalist roads and led to criticism of their spontaneous tendency towards capitalism.

"The determination of the mass of peasants to take the road of socialism was strengthened, the management of the co-operatives was improved, the directive of the Party Central Committee was carried out making obligatory participation in manual labour and production by co-operative functionaries, relationships in the APCs were adjusted and more peasants working on their own were encouraged to join the co-operatives."

The new directive from the Central Committee calling for a mass campaign to build irrigation works and accumulate manure had given great impetus to the mass of peasants and given rise to a new upsurge in agricultural production even greater in scope than that in the winter of 1955 and the spring of 1956. At present nearly 100 million men and women are going out every day in China to work on irrigation work. It was originally planned to increase the irrigated area by some 92 m. mou between October 1957 and September 1958, but by January 1958 more than 117 m. mou had been irrigated. This meant that the annual plan had been over-fulfilled in four months. Taking Anhwei as the example, the Vice-Premier said that province—whose peasants have suffered so cruelly from calamities despite many State projects and promises of better times—had more than doubled the target of earthwork on dykes, etc. to 1,600 m. cubic metres by January, 1958, and peasants in other provinces had given similar heroic examples.

"All the facts show how great is the resolution and confidence of the organised peasants and how unlimited is their strength in promoting a great growth of agriculture."

On the communication and transport and commercial fronts, a total of more than 1,100 kilometres of new lines and double-track lines were laid on the railways, and the great engineering achievements of the Yangtze River Bridge, the Paochi-Chengtou Railway, and the Yingtan-Amoy Railway, were completed. Rich Szechuan is now linked with the national railway network and the difficulties of travel overcome that were once described by the poet Li Pai who said "Travel to Szechuan is difficult, more difficult than to scale the heavens." In the field of commerce the total volume of retail sales in 1957 was 500 m. yuan more than in 1956. At the end of 1957 commercial departments held stocks of retail commodities worth over 2,000 m. yuan more than at the beginning of 1957. In foreign trade the total value of imports and exports planned for 1957 was exceeded by 4%. On the cultural and educational front, students in higher institutions in 1957 increased by nearly 10%, in secondary schools by 15% and in primary schools by 5½%. In 1957 there was also a big increase in the number of schools run by the masses themselves. The number of beds in hospitals under the Ministry rose by 11.7%. "To take part in productive manual work and get a training in work has already become the thing to do among intellectuals."

"China's economy has been advancing at a rapid rate since the liberation. But the road of her economic development had not been ideally smooth; it went forward only

after repeated efforts were made to overcome one difficulty after another. In the past eight years, we have more than once encountered serious natural calamities and difficulties due to inadequate resources, financial means and technical forces. But we overcome these difficulties one after another. . . . In the spring of 1957 the bourgeois rightists openly denied that our achievements were the main aspect. They entirely negated our State system, policies, and economic and cultural construction. But the people confronted the rightists with the facts and thoroughly discredited their vicious attack against the Communist Party, against the people and against socialism."

It is admitted that in the winter of 1956 there were local difficulties owing to a relative short supply of certain capital goods and daily necessities. Inappropriate appraisals were made of some individual problems in the financial and economic work, but since the summer of 1957 they have been overcome. In 1957 the goods turned out by heavy industry were enough not only to meet the needs of production and construction departments but to increase the stocks of industrial departments and replenish State reserves. The amount of grain, piece goods and other daily necessities were enough, in the main, to ensure market supplies and replenish part of the stocks used up in 1956. Financial revenue not only balanced expenditure but produced a surplus.

THE CHANGING PATTERN OF PHILIPPINE FOREIGN TRADE

By **Cornelio Balmaceda**

(Manila)

As one views the changing pattern of the foreign trade of the Philippines in the course of the last few decades, and particularly during the post-war years, there also comes in perspective the important stages in the general economic progress and development of this country during those years. The general pattern of this country's economy has been largely influenced by its foreign trade. Pre-eminently agricultural, the country's principal crops are mostly for export to foreign markets, while a considerable portion of its normal needs of essential consumer goods have to be met through imports from foreign sources. This close relationship between the general state of Philippine economy and the foreign trade, both in regard to the markets for what the country can produce and in regard to its requirements for domestic consumption has often been referred to as undue dependence upon foreign markets and mainly dependent on a few export crops and raw materials can not be stable and safe, and hence the need for more diversified production and industrialization that will convert the raw materials now being exported into finished goods and render the country more self-sufficient in its supply of manufactured goods for domestic consumption.

When this goal of an industrialized or semi-industrialized economy is finally attained, however, the Philippines will still continue to be in need of foreign trade. There will be a change in the general pattern from an exporter of raw materials to an exporter of manufactured or semi-manufactured goods, but the need for foreign markets for these same products in finished form will remain. The Philippine market will not have the capacity to absorb the bulk of our industrial production. The other great change

will be a decrease in the country's import of consumer goods, but there will be a greater shift to the import of capital goods to meet the needs of expanded activities in the development and exploitation of the mines, forests, fishing, agricultural and other natural resources. At the same time, competition from the manufacturers of other nations will force us to follow a selective plan in our industrialization. Indiscriminate investments in new industries that may be introduced here without careful regard for their economic justification and ability to meet foreign competition will only lead to certain losses. Our protective tariff policy must give due consideration to the interest of consumers.

Pre-Spanish Era

The trade which the ancient inhabitants carried on with other Asiatic peoples long before the Spaniards came to our group of islands was of very limited extent and was confined to the exchange of articles of small bulk, characteristic of the ocean trade of those early days of small sailing vessels. Our early traders exported yellow wax, kapok, strange cloth, coconuts, onions, camotes, fine mats, sinamay, and tortoise shells. They imported from the neighboring Asian countries porcelain, commercial gold, iron vases, glass, pearls, silk fabrics, and fish nets. As early as the 13th century, Chinese merchants came regularly to trade, entering port in their small ships and anchoring at a distance from the shore as they announced their presence by the beating of drums. Then our ancient traders went out to meet them in their light craft carrying with them their wares. The Chinese traders offered presents like

parasols and umbrellas. In the exchange of goods, barter was used. Sometimes payments were made in gold as price or in metal balls that were brought from China.

Spanish Period

The first mention of the kind of trade which the Spaniards found here is that Magellan met in Samar, the first island where he landed, courteous and kind local traders with their boats loaded with cloves, cinnamon, pepper, and gold. In Cebu, he found ships from Siam loaded with gold and slaves. He also found many fishing boats near the coast. The people raised cotton and silk, hemp and pina cloths. Under Spain, Philippine foreign trade remained stagnant because of the imposition of many commercial restrictions under which trade became practically monopolized by the officials and church authorities. However, with the Spanish trade, Manila became a bigger distributing center for Far Eastern trade. Varied wares were brought here by Oriental traders from all parts of the Far East and were shipped to Spain and Mexico together with the few Philippine products which consisted mostly of cotton cloth, white and yellow wax, and gold. For many years during the Spanish period, the foreign trade of this country was limited to the galleon trade. By the decree of 1593, the trade between the Philippines and Mexico was limited to 250,000 pesos worth of Philippine exports and 500,000 pesos worth of imports to be carried in only two ships of not more than 300 tons each.

In 1834, the Philippines was finally opened to world trade and European and American traders began to compete for Philippine trade. As a result, the foreign trade of the country kept increasing in volume until the end of the Spanish rule. This increased trade may be gleaned from the following table:

Values of Yearly Philippine Exports, Imports, and Total Trade With All Countries, 1857-1895

Year	Exports	Imports	Total Trade
1855	P 6,121,623	P 4,235,814	P10,357,437
1860	9,509,481	8,739,474	18,248,955
1865	20,932,617	17,870,523	38,803,140
1870	28,000,000	23,500,000	51,500,000
1875	18,920,475	12,215,153	31,135,628
1880	23,450,285	25,459,810	48,910,095
1885	24,553,685	19,160,070	43,713,755
1890	26,213,554	19,789,636	46,003,190
1895	36,655,727	25,398,798	62,054,525

First Ten Years of American Rule

The important changes in the general pattern of Philippine foreign trade following the establishment of American rule may best be examined by dividing the American administration into three periods, namely: (1) The first 10-year period; (2) The free trade period from 1909 to 1941; (3) The post-war period prior to the establishment of the Republic. Article 4 of the Treaty of Paris by which the sovereignty of the Philippines was transferred from Spain to the United States provided that for a period of ten years from the signing of the treaty Spanish ships and merchandise would be admitted into Philippine ports "on the same terms as ships and merchandise of the United States." Because of this provision of the treaty, the desire of American traders to have special preference and advantages by virtue of their newly acquired sovereignty could not be immediately realized. Goods and ships coming from Spain had to be given the same treatment as those coming from the United States during the first ten years of American rule. Nevertheless, some changes were made in the Philippine tariff schedules which secured some advantages

for American exporters by the reclassifying of merchandise and the reduction of rates on various classes of goods that came mostly from the United States.

The position of the United States in the Philippine foreign trade had acquired a relative importance even prior to the implantation of American sovereignty, especially as an export market of Philippine products. During the ten-year period immediately preceding the Spanish-American war, the United States was already the biggest export market of the Philippines. During that period the United States bought \$64 million worth of Philippine exports. This was considerably more than the imports of the Philippines from the United States which amounted to only \$1,300,000. The United States was then the principal export market of this country, but it ranked 7th as source of Philippine imports. In 1899 or at the beginning of the American regime the distribution of Philippine exports and imports was as follows:

Country	Exports		Imports	
	Value	% total	Value	% total
United States	P7,870,510	26.0	P 2,706,172	7.0
China	8,027,012	27.0	16,666,886	43.0
Great Britain	7,063,990	23.8	6,488,218	17.0
Spain	1,954,212	6.5	5,404,316	14.0
Japan	2,044,040	6.9	368,796	.96

The most noteworthy change in the foreign trade of the country from 1899-1908 was the increase in the total trade from P68,079,000 in 1899 to P123,574,000 in 1908. Exports increased in value from P29,693,000 to P65,202,000, and the imports from P38,385,000 to P58,372,000.

First Trade Period

The ten-year period of Spanish preference provided for in the Treaty of Paris expired in 1909. In that year the United States Congress passed a special Act, along with the new U.S. Payne-Aldrich Tariff Act, which established virtual free trade between the United States and the Philippines with the limitations on some exports in the Philippines such as rice which remained dutiable, sugar which was declared duty free up to 300,000 long tons only, wrapper tobacco duty free up to 300,000 pounds, filler tobacco up to 1,000,000 pounds, and cigars up to 150,000,000 units. The special Act establishing the free trade was passed against the expressed opposition of the Philippine Assembly which declared in a joint resolution of March 27, 1909 that "the duty-free exchange of products between the United States and the Philippines in the long run would be highly prejudicial to the economic interests of the Philippine people and would create a situation which would delay the obtaining of its independence."

This free trade arrangement has greatly influenced the development of the Philippine foreign trade since it was established in 1909. It has had the effect of considerably expanding the trade and at the same time of changing the directions of the trade. The United States market became a wide field for Philippine export products. By being admitted free of duty they were given special advantage over similar products imported by the United States from other countries. Philippine products were induced to take advantage of this special privilege and the bulk of the country's agricultural production was directed toward supplying the American market. At the same time imports from the United States considerably increased because of the free trade while imports from other countries decreased correspondingly. Three years after 1909 Philippine exports had increased in value from P69,848,674 to P109,846,600 while imports for the same year increased from P62,168,898 to P123,335,802.

The steady increase in the foreign trade of the country under the stimulus of free trade may be gleaned from the following data showing the values of yearly exports, imports, and total trade of the Philippines after the establishment of the free trade:

Growth of Trade Between the Philippines and the United States, 1909-1941

Year	Total trade with U.S.	Per Cent of total Trade with all countries	Total Imports from U.S.	Per Cent of total Imports from all countries	Total Exports to U.S.	Per Cent of total Exports to all countries
1909	42,343,688	32	12,890,662	21	29,453,026	42
1910	74,620,534	41	40,137,084	40	34,483,450	40
1911	78,159,228	42	38,313,974	40	39,845,254	44
1912	94,382,034	40	48,618,020	39	45,764,014	41
1913	86,220,558	42	53,352,036	50	32,868,036	34
1914	96,878,222	50	48,022,802	49	48,855,420	50
1915	100,068,560	48	52,762,138	53	47,306,422	44
1916	117,021,611	51	45,725,346	50	71,296,265	51
1917	201,710,012	62	75,241,295	57	126,468,717	66
1918	295,943,059	63	117,649,222	60	178,293,837	66
1919	264,288,212	57	150,982,829	64	113,305,384	50
1920	395,012,081	66	184,599,556	62	210,432,525	70
1921	248,973,616	61	148,260,030	64	100,713,586	57
1922	223,699,852	62	95,476,651	60	128,223,201	67
1923	270,799,116	65	100,705,070	57	170,094,046	70
1924	315,425,011	65	120,797,208	56	194,627,805	72
1925	356,685,049	66	138,595,166	58	218,089,883	73
1926	343,157,666	67	143,161,236	60	200,006,430	73
1927	375,033,094	69	142,956,594	62	232,076,500	75
1928	398,887,886	69	169,716,135	62	231,171,751	75
1929	434,116,868	70	183,185,917	63	248,930,946	76
1930	367,050,179	72	156,366,057	64	210,684,122	79
1931	291,124,159	72	124,279,366	63	166,844,793	80
1932	267,891,232	72	102,595,499	65	165,295,733	87
1933	269,706,866	75	87,080,813	65	182,626,053	86
1934	292,438,543	75	108,761,356	65	183,687,187	83
1935	258,604,073	72	108,738,000	64	149,871,073	80
1936	338,045,179	71	122,994,525	61	215,050,654	79
1937	368,090,115	71	126,604,072	58	241,486,063	80
1938	359,604,446	72	180,714,457	68	178,889,989	77
1939	352,092,737	72	167,855,706	68	184,237,031	76
1940	389,179,044	77	209,249,490	78	177,929,554	76
1941	396,325,137	80	218,025,294	80	178,299,843	79

Postwar Period

Year	Exports	Imports	Total Trade
1909	P 69,848,674	P 62,168,838	P132,017,512
1915	107,626,008	98,624,367	9,001,641
1920	302,247,711	298,876,565	601,124,276
1925	297,754,410	239,465,667	537,220,077
1930	266,334,255	246,185,907	512,520,162
1931	207,944,148	198,357,437	406,301,585
1932	190,676,161	158,790,170	349,466,331
1933	211,542,105	134,722,926	346,265,031
1934	220,807,271	167,214,221	388,021,492
1935	188,491,360	171,047,699	359,539,059
1936	272,896,106	202,252,349	475,148,435
1937	302,532,500	218,051,490	520,583,990
1938	221,590,554	265,215,095	496,805,649
1939	315,784,146	245,129,974	560,914,120
1940	311,849,047	269,462,542	581,311,589

The free trade shifted the bulk of Philippine foreign trade to the United States. From a share in 1909 of only 32 per cent of the total trade, 21 per cent of the imports, and 42 per cent of the exports, the United States steadily increased its participation in our foreign trade after the establishment of the free trade. Ten years later, more than 50 per cent of our total external trade was with the United States—64 per cent of the total imports and 50 per cent of the total exports. This U.S. share kept on rising until the outbreak of the Pacific War in 1941. That year, the

share of the United States in our total foreign trade was reduced 80 per cent.

The growth of trade between the Philippines and the United States as a result of the free trade is shown by the following table:

When the war ended in the early part of 1945, Philippine foreign trade was completely paralyzed. Soon trade activities were gradually resumed. The second half of the year 1945 registered a total foreign trade of P59,211,346 of which P1,344,169 was the value of total exports and P57,867,195, total imports. With most of the industries destroyed and the means of production considerably reduced as a result of the war, local output in the farms and factories was very limited. Exports were greatly curtailed. On the other hand, the demand for consumption of imported goods had greatly expanded. The available stocks of all kinds of merchandise had been completely wiped out during the four years of Japanese occupation. The pent-up demand for both consumer and luxury goods and the urgent need for producers' goods to rehabilitate the industries that had been destroyed by the war led to heavy imports which brought about the consistent unbalanced trade since the close of the war. The yearly unfavorable balance of trade in the postwar period is in direct contrast with the evenly favorable balance in the years immediately preceding the war. In 1946, while exports had risen to P128,375,049, the value of imports had jumped to P591,716,481, leaving a deficit of P493,341,432. This situation grew worse in the succeeding years, and by the end of 1949, the total deficit in our foreign trade had reached P2,135,153,000. This deficit was mostly covered by the windfalls

of dollars that came from the United States as payments for war damage, expenditures of the U.S. Army & Navy, benefit payments and other receipts for the account of the war. Another significant feature of our foreign trade in the postwar period is the tremendous increase in the volume and value of the trade as compared with the years before the war. In 1949, the total trade had reached the record of P1,649,087,912, of which P1,137,387,208 was the value of imports and P511,700,704 of exports.

The following table shows the values of yearly exports, imports and total trade with all countries during the post-war period:

Values of Yearly Trade of the Philippines
With all Countries, 1945-55

Year	Total Trade	Exports	Imports	Balance
1945	P 59,211,364	P 1,344,169	P 57,867,195	P 56,523,026
1946	720,091,330	128,375,049	591,716,481	463,341,432
1947	1,553,797,312	531,096,704	1,022,700,608	491,603,904
1948	1,774,819,524	638,410,456	1,136,409,068	497,998,612
1949	1,649,087,912	511,700,704	1,137,387,208	625,686,504
1950	1,377,763,798	665,404,764	712,359,034	46,954,270
1951	1,790,516,663	831,484,057	959,032,606	127,548,549
1952	1,557,036,275	704,812,419	852,223,856	147,411,437
1953	1,695,908,258	801,229,510	894,678,748	93,449,238
1954	1,727,452,851	824,181,525	903,271,326	79,089,801
1955	1,911,194,316	836,511,694	1,072,682,622	234,170,928

The Bell Trade Agreement

Upon the granting of Philippine Independence on July 4, 1956 the new Republic signed an agreement with the United States. This is known as the Bell Trade Agreement. Under this trade agreement the former free trade arrangement with the United States was continued for a period of eight years from July 4, 1946 followed by a gradual imposition of customs duties both in the Philippines and in the United States upon the imports of each country from the other. Upon the termination of the eight-year period of continued free trade on July 4, 1954, however, the two countries agreed to extend the period further for another 1½ years in order to have the necessary time to negotiate a revision of the Bell Trade Agreement. The result of the negotiations is the revised trade arrangement better known as the Laurel-Langley Agreement. Under the terms of this agreement, American goods entering the Philippines began to pay customs duties at the rate of ¼ (25%) of the full duties on January 1, 1956. Philippine tariff on American goods escalate until they reach 100% in 1974 as follows:

January 1, 1956 to December 31, 1958	25%
January 1, 1959 to December 31, 1961	50%
January 1, 1962 to December 31, 1964	75%
January 1, 1965 to December 31, 1973	90%
January 1, 1974 to July 3, 1974	100%

Likewise Philippine exports to the United States began to pay 5% of the regular duties under the American tariff on January 1, 1956. American tariff duties on Philippine products entering the United States also escalate until they reach 100% in 1974 as follows:

January 1, 1956 to December 31, 1958	5%
January 1, 1959 to December 31, 1961	50%
January 1, 1962 to December 31, 1964	75%
January 1, 1965 to December 31, 1973	90%
January 1, 1974 to July 3, 1974	100%

Control of Imports

The huge deficit in the foreign trade which started since 1945 reached its height in 1949 when imports exceeded exports by P625,685,504. This worsening situation demand-

ed an adequate remedy which came in the form of control of imports. The heavy importations, especially of non-essential and luxury articles, had to be controlled. Soon, the windfalls of dollars then being received from the United States for war accounts would cease, and the dollars or foreign exchange being derived from exports and other earnings of the country from abroad could not meet the heavy demands from importers. So, unless the imports were cut and the exports expanded, the international reserves would be wiped out, the value of the peso would collapse, and inflation would set in.

To meet this danger, an import control law (Republic Act No. 330) was passed on June 24, 1946 authorizing the President of the Philippines to establish a system of import control by regulating imports of non-essentials and luxury articles. However, it was not until January 1, 1949 that the law was put into effect. On December 1, 1949 the list of controlled commodities was expanded and on the same date exchange control was also instituted by the Central Bank. The controls thus set into preparation by the government have greatly affected the course of the foreign trade of the country. The main objectives in controlling imports were to check the rising level of imports which had reached its peak in 1949, by limiting the import of luxuries and non-essential commodities and channelling the dollar allocations to the import of essential commodities and capital goods. A second import control law (Republic Act No. 426) was approved on May 18, 1950 further extending the controls to practically all imports and on June 15, 1951 the third import control law, Republic Act No. 650 was passed creating an Import Control Commission and providing extensive regulations for the control of imports. One important feature of this law was its requirement of all importers to reserve not less than 50% of their imports for sale to Filipino merchants. This law remained in effect until June 30, 1953 when import controls were lifted and the Central Bank took over the control of imports under its power to allocate foreign exchange.

The controls were originally adopted as a temporary measure to balance the foreign trade by reducing to the minimum the imports of non-essentials and luxury goods and diverting more dollars for the import of machinery and materials needed for increasing domestic production. At the same time efforts were made to increase exports. The establishment of new manufacturing industries was encouraged to lessen the import of foreign merchandise. How far the controls have succeeded in reducing imports and in balancing our foreign trade can be seen in the following table:

Values of Yearly Trade of the Philippines
With all Countries, 1949-1955

Year	Total Trade	Exports	Imports	Balance
1949	1,649,087,912	511,700,704	1,137,387,208	625,686,504
1950	1,377,763,798	665,404,764	712,359,034	46,954,270
1951	1,790,516,663	831,484,057	959,032,606	127,548,549
1952	1,557,036,275	704,812,419	852,223,856	147,411,437
1953	1,695,908,258	801,229,510	894,678,748	93,449,238
1954	1,727,452,851	824,181,525	903,271,326	79,089,801
1955	1,911,194,316	836,511,694	1,072,682,622	234,170,928

The above figures show that while there has been substantial reduction in the yearly imports from the very high peaks of 1947, 1948, and 1949, we have not been able to balance our international trade. Following the imposition of both import and exchange controls in 1949, there was a considerable cut in the value of total imports. The figures for the year 1950 show that imports for that year were reduced by P425,028,174 as compared with the previous year, and the gap between exports and imports was reduced from P625,686,504 to only P46,954,270 in 1950. This was

clearly the result of import and exchange controls. However, the showing in 1950 was not maintained in the two succeeding years. But in 1953 the deficit was again lowered to P93,449,238. Unfortunately in 1955 there was again a tremendous rise in imports amounting to P1,072,682,622 against exports valued at P836,511,694 or a new high in the foreign trade deficit amounting to P234,170,928.

The other important effects of controls on imports were the reduction of the import of luxuries and non-essentials, and noticeable increase in the import of machinery amounted to P36.4 million increasing in 1949 to P47.9 million, and in 1955 to P78.2 million. At the same time new industries were established thereby increasing the local production of manufactured goods which replaced more and more foreign manufactured goods that were formerly imported.†

Five Decades of P.I. Foreign Trade

Our analysis has now brought us to the end of the five decades of Philippine foreign trade. The general trade since 1901 to 1955 may now be examined briefly to give a birdseye view of the last 55 years of the foreign trade of the country. Total trade, exports, imports, and trade balance for every 10-year period are shown in the following table:

Years	Total Trade	Exports	Imports	Balance
1901-1910	P1,291,725,376	P 644,141,816	P 647,593,560	P 3,441,744-
1911-1920	3,107,779,036	1,630,027,347	1,477,751,689	152,275,658+
1921-1930	4,969,681,364	2,667,000,797	2,302,630,567	364,320,230+
1931-1940	4,484,357,301	2,454,113,398	2,030,243,903	423,869,495+
1946-1955	15,757,688,439	6,452,332,603	9,282,461,557	2,854,208,945-

The above figures show the impressive expansion of the total foreign trade during the last 55 years from P1,291.7 million for the first decade to P15,757.6 million in the last decade. It will be noted that the imports have grown considerably more than the exports. Although the exports also showed steady increase during the five decades from P644.1 million for the ten years ending 1910 to P6,452.3 million for the 10-year period ending 1955, imports on the other hand grew in more immense proportions from P647.5 million in the first decade to P9,282.4 million for the last decade.

It is interesting to note the changes in the geographical distribution of the foreign trade of the country in fifty-five years. In 1899 Philippine exports were distributed to the principal foreign markets as follows: China, 27%; United States, 26%; Great Britain, 23.8%; Japan 6.9%; and Spain, 6.5%. The shares of the principal countries in the imports of the Philippines in 1899 were as follows: China, 43%; Great Britain, 17%; Spain, 14%; United States, 7%; Japan, .96%. Fifty years later (1955) the shares of the principal countries trading with the Philippines in our exports and imports were as follows: United States, 60.4%; Japan, 15.1%; Great Britain, 1.19%; Germany, 2.26%; Netherlands, 7.21%. The shares of the various countries in our imports for 1955 were: United States, 65.6%; Japan, 7.9%; Great Britain, 2.38%; Germany, 2.15%; Indonesia, 5.06%; Netherlands, 1.78%.

The postwar period witnessed a steady increase in Philippine exports from P128.3 million in 1946 to P836.5

million in 1955. The 20 leading exports of the Philippines in 1955 are indicated in the following table:

Values of 20 Leading Exports of the Philippines, 1955

Articles	Value (pesos)
Copra	241,921,701
Sugar	207,820,599
Minerals and metals	98,688,915
Logs, lumber and timber *	88,095,641
Abaca, unmanufactured †	54,540,986
Coconut oil, inedible	32,216,306
Desiccated coconut	24,099,547
Embroideries	21,854,410
Pineapple, canned	10,998,815
Copra meal or cake	8,796,664
Molasses	7,481,676
Tobacco and manufactures	7,472,022
Wood, Bamboo, Rattan and Reed manufactures	5,608,027
Abaca and manufactures	4,427,463
Chemicals	2,997,529
Nuts, other than coconut	2,991,513
Shells and manufactures	2,504,345
Beverages, wines & liquors	1,665,779
Gums and Resins	1,664,270
Animals, live	699,123

* Quantity in board feet

† In bale

Percentage-wise the position of the principal export products in 1955 was as follows: copra 29%; sugar 25%; logs, lumber & timber 11%; abaca 7%; coconut oil 4%; iron ore 3.65%; embroidery 3%; desiccated coconut 3%; canned pineapple 1.3%.

As has been shown by the above figures for the postwar period, the increase in the amount of imports far exceeded those of exports resulting in the yearly adverse balance in our foreign trade. In 1946 total imports amounted to P591.7 million, increasing in 1949 to P1,127.3 million, and again maintaining the 1 billion mark in 1955 when total imports amounted to P1,072.6 million.

The following table shows the 20 leading imports of the Philippines in 1955.

Values of 20 Leading Imports of the Philippines, 1955

Articles	Value (pesos)
Cotton and manufactures	P141,321,344
Iron and steel and manufactures	90,085,192
Mineral oils (petroleum products)	88,007,920
Machinery, except agricultural & electrical	78,276,128
Vehicles (including automobile & parts)	76,115,236
Grains and preparations	70,227,016
Dairy products	54,367,136
Paper and manufactures	45,255,332
Chemicals, drugs, dyes and medicines	44,767,818
Electrical machinery & appliances	43,689,896
Rayon and other synthetic textiles ..	35,964,898
Rubber and manufactures	33,228,060
Tobacco and manufactures	28,659,144
Fish and fish products	26,318,936
Non-ferrous metals	17,958,212
Meat and meat products	15,847,750
Fertilizers and fertilizing materials ..	14,219,874
Cocoa, coffee and tea	11,615,634
Animal products, inedible	11,179,518
Clay and clay products	9,763,696

† Editorial Note: Official trade figures cannot be relied on as (1) statistics in Manila are notoriously badly kept, and (2) there has been a regular illicit trade which has been at times protected by influential groups in Manila. Smuggling and 'protected' imports of merchandise have been on a large scale. The decline in exchange resources is partly due to the organized and individual smuggling activities of a large number of people in the Philippines who have greatly contributed to the weakening of the economy of their country.

The position of the leading articles in the import list is indicated by the following figures: Cotton and manufactures—13.17%; iron steel and its manufactures—8.39%; mineral oils—8.20%; automobiles, trucks, and tires—7.12%; meat and dairy products—6.54%; wheat flour—4.69%; paper and its manufactures 4.21%; chemicals, drugs dyes, and medicines—4.17%; silk and rayon—3.40%; tobacco—2.61%.

Trade with America

With almost 66% share in the total foreign trade of the Philippines in 1955, the United States maintains its leading position. This share of the United States in the total trade of the Philippines has decreased from 87% in 1946, 81% in 1949, and 65.6% in 1955. This trend is expected to continue. As rising duties will be imposed every 3-year period until 1974, it is expected that more imports from European and Asian countries will come in.

As a result of the gradual elimination of the free trade arrangement, Philippine products will meet keener competition in the American market. This makes it necessary to find new outlets for Philippine exports. The coming years

will therefore witness a broadening of the base of foreign trade by widening the field of export products and the sources of imports. It is expected however that the United States will continue to be the principal export market and that American goods will continue to occupy the leading position in our import trade.

Trade with Japan

An analysis of our prewar and postwar trade relations with Japan shows that the two economies are to a great extent complementary and interdependent. Before the war the total trade pattern between the Philippines and Japan was substantially as follows:

Year	Total Trade	Imports	Exports
	Value (Pesos)	Value (Pesos)	Value (Pesos)
1937	52,233,775	32,204,014	20,029,761
1938	40,440,425	25,414,083	15,026,342
1939	31,205,439	15,216,414	15,989,025
1940	29,657,429	12,063,121	17,594,308
1941	22,971,430	7,145,248	15,826,182

Our principal exports to Japan before the war were: Low-grade iron, copper and manganese ore, low-grade abaca and maguey, low-grade logs and timber, copra and coconut oil, and sugar and related products. Our total exports of these products during four years immediately preceding the war were as follows:

Products	1937	1939	1940	1941
Mineral Ores & Metals	P3,817,784	8,481,072	9,220,788	6,612,593
Abaca, maguey fibers & manufactures	10,933,622	3,856,628	5,998,617	3,363,548
Logs and timber	3,490,146	2,280,204	1,810,796	931,627
Copra & coconut oil, etc.	12,602	147,004	8,753	4,237,704
Sugar and related products	214,178	142,860	—	361,650
Leaf Tobacco	445,548	315,948	—	—

Of our principal prewar imports from Japan, textiles had always been the most important item averaging P10 million annually for the corresponding 4-year (1937, 1939-41). This was followed by metal manufactures, paper products, fish products, chemicals and other minor items in the order named. After the war there was need for regulating the trade with Japan, with a view to limiting it to a level and a commodity pattern that would aid instead of competing with Philippine economy. A barter agreement was therefore entered into between the Philippines and SCAP on May 18, 1950. The trade that has flowed to Japan from the Philippines and vice versa is reflected in the following tables of exports and imports, both before and after the conclusion of the Philippine-SCAP Agreements:

A. Total postwar trade before the agreements took effect (Liberation to May 17, 1950)

Period	Imports	Exports
1945	P 83	P 0
1946	40	0
1947	1,906,588	4,506,735
1948	4,192,546	31,035,169
1949	32,124,746	22,690,978
Jan.-June 1950	18,268,570	12,754,318

B. Total postwar trade after the agreement took effect

Period	Imports	Exports
May, 1950	P11,511,922	P 29,385,920
1951	62,790,909	69,079,257
1952	37,962,200	75,115,200
1953	45,822,900	93,841,000
1954	55,502,600	99,597,700
1955	84,775,800	126,572,200

Some export industries are dependent on the Japanese market for their continued operation. On the other hand, many machineries and equipment we need for industrialization are procurable from Japan at better prices than can be had elsewhere. Next to the United States, Japan is today the best overseas customer and supplier of the Philippines. The two economies would profit if trade between them could be maintained. Philippine trade with Japan has been carried on a barter system under what is known as the Open Account Trade and Financial Agreement of May 18, 1950. This was a temporary agreement made effective in 3-months period each. So it had to be removed 16 times since 1952 when Japan became independent and assumed the responsibilities and obligations of the agreement from SCAP.

On May 9, 1956 the reparations agreement between the Philippines and Japan was signed in Manila by the plenipotentiaries of both countries and was subsequently ratified by the Japanese Diet. Under the terms of this agreement \$550 million will be paid as indemnity by Japan to the Philippines as follows: \$500 million in capital goods; \$30 million in services, and \$20 million in cash. Japan will also extend \$250 million in long-term loans on a commercial basis to Filipino nationals and firms for economic development enterprises. Japan is to liquidate her obligations within 20 years or less. The Philippines will receive \$25 million each year in war reparations for a period of 10 years leaving a balance of \$300 million to be paid off during the remaining 10 years at the rate of \$30 million a year, or as may be agreed upon between the two countries. This agreement reestablished normal trade relations between the Philippines and Japan. There are great opportunities for the future development of trade between the two countries. The Philippines is a great source of raw materials for Japan especially base metals, ores, hemp, logs, copra, and others. Other important exports to Japan are sugar, molasses, beer, ramie fiber, iron scraps, hides and skins. Philippine imports from Japan include foodstuffs and beverages, chemicals, rubber manufactures, paper and paper board manufactures, textiles, yarns, fabrics, iron steel and manufactures of metals, machineries and transport equipment.

Trade With Other Countries

Besides the United States and Japan, the Philippines carries on trade with most countries in Europe, Asia, South America, and Australia. Many of these countries are in the sterling area, and since the Philippines carries on its foreign trade in dollars the expansion of trade relations in most of these countries after the war has been greatly handicapped. At the same time the prevalence of exchange

and import controls in most other countries has proved a deterrent in the efforts to sell more of our products in their respective markets. Nevertheless there has been a noticeable growth in our foreign trade with many countries. Our trade with Great Britain has increased in value from P7.4 million in 1946 to P35.5 million in 1955. Our exports to Great Britain for the same years increased from P4.8 million to P10 million, and our imports from P2.6 million to P25.5 million. With Germany, Philippine trade amounted to P2.6 million in 1947 and increased to P41.9 million in 1955. Our exports to Germany for 1955 amounted to P18.9 million as against our imports from that country in the amount of P23 million. Among the Asian countries we carried on substantial trade with Indonesia. Our trade with that country in 1955 amounted to P54.5 million most of which imports. Our exports to Indonesia amount to only about half a million pesos. There is an increase in trade between the Philippines and Australia. In 1947 our trade with Australia amounted to P4.3 million, increasing in 1948 to P7.5 million, and in 1955 to P9.2 million. Our balance of trade with Australia shows a considerable excess of imports over exports.

Prospects

The future goal is toward an industrialized economy. This will mean a changing pattern in our export and import, the exports to change gradually from the raw materials of industry which constitute the bulk of our present exports to semi-finished and finished goods. The imports will in turn change by eliminating articles which we shall manufacture locally and by increasing the volume of import of articles which we cannot locally produce. There is need of a continuous search for new markets. Our limited domestic consumption will not absorb the whole industrial production, nor use all the raw materials that we can produce. There should be a well-organized machinery for foreign trade promotion. The Philippines should have well-trained foreign trade promotion agents posted in important world markets to work for the expansion of our export trade. The efforts of these commercial representatives abroad are today mostly utilized for our agricultural export products. As the industrialization of the country progresses, and we reach a stage when we have to seek outlets for our excess industrial output, we shall have to meet keen competition. All the industrial nations maintain their respective machineries for effective foreign trade promotion in the different markets. We have to do likewise. We must endeavor to reach the standards of our competitors not only in the types and quality of merchandise that we shall offer to world buyers but also in the effectiveness of our sales promotion organization in foreign markets.

ECONOMIC LETTER FROM MANILA

Pres. Garcia warned that the austerity program will continue to call for serious sacrifices from the nation and that the country is confronted with self-deprivation greater than at any time since the Japanese occupation during World War II. He declared that the Philippines faces food scarcity, unemployment and a decline in revenue. The President said that austerity was made necessary by the fact that the country has been going ahead too fast with its expansion program in industry and agriculture. He also noted that inflationary tendencies at home and abroad are raising prices and causing social unrest. A primary goal in his new administration, the President declared, will be self-sufficiency in food, primarily rice, corn and fish. He

proposed a new rice production program designed to increase the country's yield by 300,000 tons in 1958 alone.

The administration is seeking a price control law as the most effective means of combatting soaring prices in the Philippines. Special impetus is given to this move by the fact that the most popular grade of rice (Macan ordinario) had risen to P1.15 a ganta, or 30 centavos above the ceiling authorized by the Cabinet. This, in fact, was the price being charged by the government's own National Rice and Corn Corporation, and the price in other quarters was higher. The high price of rice, and also of gasoline, was causing considerable discontent and acts of violence in the provinces.

The government is planning an all-out war against profiteers and hoarders, but administration officials, including President Garcia, feel that a price control law will have to be pushed through Congress. They are not swayed in their thinking by the fact that critics like Rep. Benedicto Padilla, president of the Free Enterprise Society of the Philippines, are loudly insisting that price control is "a malady worse than the malady it aims to cure." Secretary of Justice Pedro Tuason is drafting a price control bill based upon the declaration of a state of emergency. It would give the President the power to fix the ceiling price of commodities upon recommendation of the Secretary of Commerce and Industry. It would also allow the Chief Executive to lower the ceilings at any time he sees fit. Under this law, importers, producers and other businessmen would be required to file a report of the amount of goods they have on hand and thereafter declare any new or expected shipments. Agents would be empowered to search warehouses if necessary.

The Philippine Federation of Rice and Corn Planters is urging the establishment of a national pool of farm machinery and equipment to enable small farmers to adopt power farming methods and thus increase rice and corn production.

The United States informed the Philippine Government that it will turn over to the Philippines the Manila port area known as the Manila Air Station by July 31 of this year. Manila port authorities have long been anxious to acquire the dock facilities in order to help relieve the crowded conditions for handling commercial shipping. The area was retained by the U.S. Government at the time of liberation as a reception point for incoming supplies for U.S. armed forces stationed in the Philippines, especially those at Clark Air Force Base. Port and Philippine Government authorities have assured the U.S. of adequate service through regular port facilities after the Air Station is turned over.

Japan is agreeable to aid the Philippine rice industry by reclaiming Mindanao marshlands. Another agreement calls for Japanese aid to the Philippine shipping industry by providing oceangoing steamers of the 17-knot type.

Pres. Garcia and Paul Summers, Manila chief of the U.S. International Cooperation Administration, discussed the possibility of applying the Cuban process for the recovery of iron and nickel from the complex laterite deposits

in the Surigao area. The deposits are rich in both nickel and iron but the metals exist in a combination that presents special problems of extraction.

Creation of the largest commercial shipping operation in the Pacific was announced by Sir Donald Anderson, Deputy Chairman and Managing Director of the Peninsular and Oriental Steam Navigation Company. The new service will employ and enlarge the current operation of the Orient Line (a member of the P & O group) and will bring into the Pacific on an expanded scale the services of the Peninsular and Oriental Steam Navigation Company, the largest commercial shipping organization and fleet in the world. For the first time two United Kingdom lines will be operating across the North Pacific, linking the West Coast of the United States, Canada and Honolulu with Japan, Hongkong and the Philippines. And in the South Pacific, P & O will integrate its service with existing Orient Line routes between North America, New Zealand and Australia.

Finance Secretary Hernandez said that the flotation of a \$50,000,000 bond issue in the United States to finance Philippine public works projects was awaiting approval of the Philippine National Economic Council. As soon as the NEC approval was given, Pres. Garcia would receive the plan for implementation. The sale of the bonds in the U.S. would alleviate a trend toward inflation here and would aid the Philippines in the conservation of its dollar reserves. At the same time the country is holding in check further increases in the currency now in circulation and cutting down on the release of local bonds from P250,000,000 to P145,000,000. Secretary Hernandez said at present P1,500,000,000 is being circulated all over the country, 50 per cent of which is in currency and the remainder in bonds.

Philippine copra exports in 1957 totalled 990,866 metric tons, an increase over the 966,284 metric tons in 1956. The increase was accounted for mainly by greater demand from Europe, which took more than half of the shipments for 1957.

A big cut in Formosa's imports of logs from the Philippines is expected as a result of suspension by the U.S. International Cooperation Administration of a \$400,000 allocation for log imports. The slash is part of a reduction of more than \$20,000,000 in U.S. assistance to Nationalist China. About 60% of Taiwan's log imports last year were financed through aid funds. Taiwan's log purchases from the Philippines amounted to \$2,450,000.

THE TIMBER INDUSTRY OF MALAYA

With the aid of British forestry experts, timber exports have now crept up to become Malaya's sixth largest export—and today, as fast as one tree is felled another one is planted for posterity. The magnitude of Malaya's forestry resources has more often than not been overshadowed by the giant natural rubber and tin industries, which are, and will remain for many years to come, the big money-spinners of Malaya. But, Malaya's forests yield M\$120 million worth of products annually, a figure which is constantly rising and, even so, no mere bagatelle to be sneered at. As a result, and because of the vast timber research laboratories here, many neighbouring countries to Malaya are now sending their young men under the Colombo Plan to be taught forestry in this country.

Started 30 years ago by a handful of Britons, the main Timber Research Laboratory of Malaya has ever since been engaged in research on Malayan timbers and has amassed a

great deal of knowledge. To date, a total of 90 species have been sufficiently investigated to yield test results upon which foresters can quite confidently base their selection of timbers; and there are a further 31 species on which preliminary tests have been carried out. The future plan of the laboratory is to add as many more species as possible to the list, until they have covered all the Malayan species which yield useful timber. The results of mechanical and physical tests on timber have contributed in no small measure to the prosperity and development of the country. Many timber species, which were regarded as useless or accepted with great reluctance by the buyer some 20 years ago, are today being confidently put to important uses.

This change of outlook—and the Malayan Government has from time to time paid tribute to the fact that this could not have been realised without top British forestry scientists—not only ensures using timber from trees which would

otherwise stand rotting in the forest, but also saves Malaya from the deplorable situation into which she would certainly have plunged if commercial consumption of timber had continued to be limited to only the few strongest, most durable timbers such as chengal. Today, the happy result is that instead of millions of dollars having to be spent to import durable hardwoods for the country's needs, the Malayan forests are yielding about M\$120 million worth of forest products a year, and, at the same time, providing employment for many people.

When considering the subject of timber strength, one at times confronts a questioner who inquires why the Government should waste money and time in trying to find out things which "are already well-established facts." He reasons that long ago, man had learned that wood possesses strength, and that some species are stronger than others, and points out that timber dwellings had been built thousands of years ago. This is sound reasoning and cannot be disputed; but such a limited knowledge of wood is far from sufficient for this modern world. Malaya's research is directed towards replacing these vague notions of the properties of timber by usable figures obtained scientifically.

The country's population has grown fast (today it is 6,250,000 of whom half are under the age of 21 years) and is growing at such a great speed that no longer can foresters afford the enormous waste of timber practised by people in the past, who used over-sized timber for most uses and unsuitable timber for many. Nor can Malaya afford to reject the weaker, non-durable species, selecting only the best, if the country intends to maintain in its forests enough suitable trees for future generations. And it must be remembered that no expert silviculturist in the world can succeed in preserving this inheritance unless they co-operate by the proper, economical and thoughtful use of timber.

This clearly means that British forestry experts in this country and Malayan foresters, too, must know more and more of the mechanical and physical properties of wood and of its other properties studied by the Timber Research Laboratory. Thus it can be seen that Malaya's timber research laboratories provide a unique training ground for the research workers from both this country and other countries overseas. And in Malaya, research workers will be desperately needed as the country's light and heavy industries develop.

The Malayan jungle contains many timbers besides meranti and keruing which are so well-known in the export market, and the additional few timbers which are well-known locally. About 1,000 timber species grow in the natural forest, and the names of the great majority are unknown outside the Forest Department. Many of these species are unproductive and virtually parasite trees. So, when all timber which there is any possibility of selling has been removed, the department has no alternative but to poison the rest. Otherwise, they would steal light and space from new growth of the more valuable species, which are encouraged by Malaya's Forest Department in their bold plan to make the natural forest five times more productive than before.

There is not a forester in Malaya whose heart has not been saddened by the sight of so much timber going to waste. The task of the forester is to grow trees and see their timber used, not to poison them and watch them rot away—but what alternative has he? Not long ago, Malaya's Director of Forestry, Mr. D. S. P. Noakes, urged that Malaya should provide 12,500 square miles of lowland forest as a productive forest reserve. In addition there should be 25,000 square miles of agricultural land. "The consensus of opinion among the governments which have the longest experience of the factors that make for a sound economy is that about 25% of the land area should be maintained under productive forest and about 50% devoted to agriculture," he said. "One country, the United Kingdom, which neglected to maintain its forest estate is now not only undertaking a large and costly state replanting programme but is subsidising planting of private owners," added Mr. Noakes.

It is clear that the tending of a long-term crop such as timber, which will inevitably pass through many periods of boom and depression before it reaches maturity, should not depend on fluctuating annual budgetary allocations. A forest fund is required which can be drawn on as necessary, regardless of the state of the country's finances. Proposals for such a fund are now being considered here. Malaya, with the aid of its British experts employed in the Forest Department, has at least the advantage of seeing some of the problems which have to be faced. Compared with other countries in South-East Asia, Malaya is way ahead both in "know how" and planning and the Government of this new independent country is determined that it is going to stay in the forefront.

TRADE UNIONISM IN MALAYA

One hundred and seventy thousand estate workers, well over half the total labour force on Malayan rubber, coconut, and oil palm plantations, are today on the look-out for the country's 1,800 Communist terrorists. Their mission: To persuade them to give up the fight which they have been waging for nine years in Malaya against the Government, the estate workers and anyone else who opposes them. The estate workers, most likely to come into contact with the terrorists when the Communist gangs slip out of the jungle looking for food, are all members of the National Union of Plantation Workers, Malaya's biggest trade union and the biggest union of its kind in South-East Asia. It is their contribution to independent Malaya's bid to put an end to the emergency which has cost Malaya millions of pounds and thousands of lives since it began. It is part of this responsible trade union's effort to make the independence of Malaya mean something.

Today its name is known throughout trade union circles in Asia yet it did not celebrate its tenth anniversary until this year. It is a monument to one of Britain's most valuable exports while this country was still a British dependency—trade unionism. It is also a model of its kind, honest and democratic, hard-hitting yet willing to subordinate some of its cherished desires in the national interest. Through the years there have been hard words on all sides as the union has fought the plantation employers for wage increases and better holidays yet essentially relations have always remained good; a dispute has been a dispute, bitterness has seldom been allowed to creep in.

How has what was essentially a British idea of trade unionism transplanted into the hotter, unkindler climate of South-East Asia? Extraordinarily well if success is judged

(Continued on Page 320)

HONGKONG NOTES AND REPORTS

Building Development—In Central District of Hongkong island, the new Jardine House is rapidly being filled up since its completion last month. The Central Building standing on part of the old Hongkong Hotel site will soon be ready for occupation. The steel frame of the new Chartered Bank Building is still stretching skyward while walls are being bricked up on the lower floors. The West Wing of the Central Government Offices is taking its shape now and will be one of the impressive buildings in the district. Elsewhere in Hongkong and Kowloon, new buildings are going up slowly but steadily. No real estate company announced any new large project during the past month.

Early last month, a large investment company which had more than ten multi-million-dollar projects on hand was on the verge of bankruptcy. Realising the possible chain reaction which might be set off by this company's collapse, other real estate speculators took steps to prevent the company from going into liquidation—much to the relief of small home-owners who had bought the flats in advance. A possible bust in real estate speculation was put off but the advance sale of unfinished flats remains slow; most investment companies have therefore adopted a more conservative policy.

Construction work in 1958 however will continue active because over hundred projects remain to be completed. Investment in building development still earns about 10 to 15 per cent per annum. It is still a good investment provided that an operator does not launch more projects than he could finance. Operators must offer more protection to buyers of unfinished flats; otherwise small home-owners will prefer to pay after the building is completed.

New Rediffusion Building—Mr. W. Alan Whiting, Managing Director of Rediffusion Hongkong Limited, announced that a new 8-storey Rediffusion House will be erected on Gloucester Road on the site formerly occupied by the Golden City Theatre. The building site has a frontage of 86 feet and an area of approximately 10,000 square feet. The height of the new building will be 116 feet. Work started recently on the foundation and the construction will be completed by the end of this year. The ground floor will have an arcade providing nine shop spaces for letting. The first, second and third floors will have an area of some 20,000 square feet to be let for offices.

The broadcasting section will be on the fifth floor and will include five audio studios, music libraries and control rooms, recording rooms, clients salons, etc. The two main television studios will be on the sixth floor and will be two storeys in height with a gallery for invited audiences. The executive offices, conference room and secretariat will be situated on the eighth floor.

During the past nine years there has been continuing expansion of Rediffusion services. The company's networks which initially served only the urban area have been extended to the far reaches of the Colony both on the mainland and on the island. Today, approximately 1.5 million yards of cable carry Rediffusion programmes to almost 64,000 loudspeakers. In July 1956, Rediffusion added to its daily 17 hours of programme both in Chinese and in English, a third network which provides an additional 17 hours of Chinese programmes. In May last year, the first television service in the Colony was inaugurated. During the past nine months Rediffusion has originated from its present Arsenal Street studios an average of 10 hours week-

ly of television programmes. More than 2,000 viewing sets are now installed.

New College Building—The Kiangsu and Chekiang Residents' Association is building a \$2 million college in North Point to accommodate about 2,000 students. Government has granted an interest free loan of \$625,000 in addition to a site of 45,000 square feet. The foundation stone was laid by the Governor Sir Robert Black last week. The College, when completed, will have 34 class rooms, a library, a laboratory, a studio, a gymnasium, an assembly hall and offices, etc. Construction work will be completed this summer and the building will be ready for occupation by the autumn semester.

Murray Barracks—The Governor, Sir Robert Black, and the Commander of British Forces, Lieutenant-General Sir Edric M. Bastyan, last week signed an agreement for the surrender of the area comprising Murray Barracks, Murray Parade Ground and the Detention Barracks within three and half years to Government. The Army will also give up certain areas of Shamshuipo Camp in Kowloon. In return, Government has agreed to provide buildings to the Army's specification up to the value of HK\$17.2 million and to waive arrears of rent due for Shamshuipo Camp. The Army will be given free occupation of the remainder of Shamshuipo Camp for as long as it is required.

The agreement provides that the area of Murray Barracks and the Detention Barracks will be taken over within three months after the completion of substitute buildings. These buildings are to be provided by Government within two years. The ultimate aim is to obtain release of the land not later than three and a half years. The surrender of these areas, covering some ten acres, will release for development valuable land in the centre of the city. It will also afford the opportunity to replan an important intersection in the Colony's road traffic system.

The agreement provides for the War Department to surrender, by March 31, 1959, a strip through the centre of Shamshuipo Camp which will allow Laichikok Road to be extended westwards to the Cheungshawan reclamation. By the same date, the northern portion of the Camp will also be released. This will enable Cheungshawan Road to be continued westwards and also free three large tenement block sites. The War Department will also examine the possibility of surrendering, as soon as possible, the area of the Camp adjoining the Police Station on Laichikok Road. Government has agreed, on the surrender of the Detention Barracks, to grant to the Girl Guides Association a permit to occupy that part of the area occupied by Sandilands Hut. Government will also be responsible for the reprovision of the Cheero Club.

Lancashire vs. Hongkong—A local textile manufacturer last week stated that the accusation by a Member of Parliament in London that Hongkong is contributing to the sufferings of the Lancashire cotton textile industry with its low-paid labour and Communist capital as "absolute, unmitigated nonsense." He also pointed out that the Communists are competing against HK textile merchants in UK market. As a matter of fact, the capital invested in local textile industry belongs to people who had fled from the Communists. British banks have also furnished part of the money. Another textile producer commented, "What else will they think up next? First it was slave labour, then under-paid labour, then substituting Japanese products for HK manufactures, now it is Communist capital!"

The Hongkong Tiger Standard pointed out in its editorial that the attack on HK textile industry offers another example of the manner in which the people in Britain are being given a distorted picture of the situation. "Here in Hongkong we know that our textile industry capital does not come from the Communists and that it is misleading to say that our textile labour is inordinately low-paid. They are better paid than any others in Southeast Asia and they are among the better paid groups of workers in this Colony. Even if their wages are compared to those of Britain, a superficial comparison based on the exchange rate cannot be considered accurate because of the difference in living costs. . . . All the grumbling in Britain about unfair competition obscures this basic fact—that Lancashire mills have not adjusted themselves to changing world conditions and have become uneconomic. . ."

Tourist Trade—Hongkong Airways has arranged with the General and Travellers Credit Corporation to extend to local residents travel credit covering air fare as well as the cost of the packaged tour to Japan and Taiwan. In order to be eligible for the offer, an applicant should be a bona-fide resident of Hongkong and the packaged tour must be arranged through a recognised agent and approved by Hongkong Airways. An applicant pays at the outset of the journey only 25 per cent of the total tour fare and the balance in six to twelve monthly instalments.

To attract more American tourists to this Colony, a Hongkong Airways pilot will conduct a nation-wide publicity tour in the United States. The pilot, Captain Dave Lampard, will first visit the West Coast.

Last week, 570 American tourists arrived here by the luxury liner 'Lurline' (flagship of Matson Lines) and spent two days touring and shopping in the Colony. The Peak and the Tiger Balm Garden attracted many visitors while others went to Repulse Bay, Aberdeen, Castle Peak and Shatin. Shops in Kowloon enjoyed brisk business. Rickshaw pullers had two profitable days charging \$1 instead of fifty cents for short runs.

Investment in Sarawak—The Government of Sarawak is offering tax free concession to foreign investors in a bid to attract capital to the country. Full-page advertisements in local English and Chinese language publications inform financiers and businessmen in Hongkong that investment in Sarawak is an attractive proposition. Among many attractions is the duty-free importation of all building materials, tools, plant, machinery, pipes, pumps, belts and other materials necessary for the construction, alteration or extension of factories for a period of five years. Under income tax concessions, a pioneer manufacturer will be allowed to write off capital in five years. Other help offered by the Government is assistance in obtaining land and consideration by the Development Finance Corporation of applications for finance.

Recently the Governor of Sarawak, Sir Anthony Abell, told Kuching's Chinese businessmen that they had a vital part to play in the plans being made by the Sarawak Government to strengthen economy and tighten the security of the country. Sir Anthony also said: "We want more capital in Sarawak and we are doing what we can to attract it through legislation such as our Pioneer Industries Ordinance and through advertisements but we must have a new kind of investment. We want more minor industries and not more shophouses. We cannot only be a nation of retail shopkeepers and small farmers. It is not enough. It will not provide the jobs or the incentive or level of prosperity we require."

Cross-Harbour Gas Main—The Hongkong and China Gas Company last week began to lay two 4,800-foot gas

mains across the harbour. The \$3 million project will enable the company to concentrate all gas manufacturing at Matakok and supplying the Island through these underwater mains. With various protective measures the mains should be good for at least 50 years of life and probably much longer. The initial design of the mains is such as to cover the gas requirements of the Island for many years. They will be capable of handling up to 600,000 cubic feet of gas per hour which is equivalent to about half the present daily consumption. Further requirements can be dealt with by raising the pressure of the gas.

Industrial Land—A further portion of the eastern shore of Kowloon Bay is to be developed for industrial use. The draft layout plan of the proposed development covers an area stretching from Kun Tong Tsai to Sam Ka Tsuen. The plan provides for the eventual reclamation of an average width of 300 feet around the shore of Kun Tong Tsai Bay which is also known as Ma Yau Tong Bay. The reclaimed land will be used primarily by boat-building yards and sawmills which are now in the Cheung Sha Wan district. There will also be a public pier at Chap Ki Shek at the south-eastern entrance to Ma Yau Tong Bay. The layout of the roads is dominated by a road running from Ngau Chi Wan to Lyemun which will link the district with Kun Tong reclamation. Another road will run along the existing shoreline from Kun Tong to Sam Ka Tsuen.

New Stamps—Government decided to make a new issue of Hongkong postage stamps in 1962. According to the Postmaster General, 1962 has been selected chiefly because it is the centenary year of the issue of the first Hongkong stamp. Present proposals are to make a special commemorative issue on the Queen's Birthday that year. Sale of this issue however will be limited to one or two months and upon the withdrawal of the commemorative issue a set of the permanent series of stamps will be introduced. The new permanent issues will include a \$20 stamp particularly in need for air parcels. Government is holding a worldwide competition for the designs; prizes totalling HK\$6,720 will be offered for the best designs. Seven designs are required—a single design for the commemorative issue, a single design for the lower values of the permanent issue, and separate designs for denominations of \$1 and upwards. The design of the commemorative issue must be indicative of the occasion and include the Royal portrait and Crown. For the lower-value issues, the design should not be pictorial but must be based on the Royal portrait and Crown. Separate pictorial designs are required for \$1 to \$20 denominations.

Drug Traffic and Gold Smuggling—Last week, revenue officers found about 1,000 pounds of opium in bales of cotton waste on board a lorry. Separate bags of opium, each weighing about 35½ pounds and wrapped in waterproof materials, were found in 30 of the 35 bales of cotton waste. According to a local Chinese-language paper, this lot of cotton waste arrived here recently from India.

During January, 98 pounds of opium and 17 pounds of morphine hydrochloride were seized when revenue officers searched a vessel on its arrival from Japan. During the same month, Government confiscated 1,306 taels of gold which were seized mostly from passengers who had arrived here from Macau during the previous month.

Imports of Rice, Frozen Meat and Coal—Edible rice imported in January totalled 16,930 tons. Thailand with 10,229 tons was the main source of supply followed by China with 4,961 tons, Cambodia with 1,340 tons and North Vietnam with 400 tons. Imports of frozen meat totalled 162 tons. Coal imports amounted to 21,805 tons; 13,737 tons came from China, 6,712 tons from India and 1,356 tons from Indonesia.

FINANCE & COMMERCE

HK EXCHANGE MARKETS

Date	U.S.\$		Notes High	Notes Low
	T.T. High	T.T. Low		
24/2	\$583½	583	582½	581½
25/2	583½	583½	582½	580½
26/2	583½	583½	582½	580½
27/2	584½	583½	583½	581¾
28/2	584½	583	583	581¾
1/3	583½	583	581½	580¾

D.D. rates: High 583½ Low 580¾.
Trading totals: T.T. US\$3,950,000;
Notes cash US\$630,000, forward
US\$1,960,000; D.D. US\$320,000.
Highest and lowest rates in February
were: T.T. 589/582½; Notes 590½/
580¾.

The market last week was quiet.
In the T.T. sector, gold importers were
good buyers and usual offers came from
Japan, Korea, and the Philippines. The
Notes market was kept steady by demand
from China but the amount absorbed
was much reduced. Interest for change
over favoured sellers and aggregated

HK\$4.30 per US\$1,000. Speculative
turnover averaged US\$1.5 million per
day. The D.D. market was very quiet.

Far Eastern Exchange: Highest and
lowest rates per foreign currency unit
in HK\$: Philippines 1.76—1.755, Japan
0.01425—0.014, Malaya 1.873, South
Vietnam 0.0666—0.06637, Laos 0.061,
Cambodia 0.077, Thailand 0.2733—
0.271, Indonesia 0.112. Sales: Pesos
260,000, Yen 75 million, Malayan
\$280,000, Piastre 6 million, Kip 3 mil-
lion, Rial 3 million, Baht 2 million,
Rupiahs 150,000.

Agreed Merchant T.T. rates: Selling
and buying per foreign currency unit in
HK\$: England 16.2025—16.1006, Aus-
tralia 13.0169—12.7575, New Zealand
16.2025—15.8678, United States
5.7762—5.6939, Canada 5.904—5.8182,
India 1.2158—1.2048, Ceylon 1.2195—
1.2075, Burma 1.2158—1.2048, Pakis-
tan 1.2176—1.2039, Malaya 1.8868—
1.8692. Selling per foreign currency
unit in HK\$: South Africa 16.237,
Switzerland 1.3267, Belgium 0.1164,
West Germany 1.3817.

Chinese Exchange: People's Yuan
official rates unchanged: 6.839 per
Pound Sterling; 0.427 per HK\$; 0.805
per Malayan \$; 0.514 per Indian or
Pakistan Rupee; 0.585 per Swiss Franc;
and 2.345 per US\$. Cash Yuan notes
quoted \$1.72—1.63 per Yuan. Taiwan
Dollar remained at 15.65—15.55 per
US\$ and 2.74—2.72 per HK\$; cash
notes quoted \$0.149—0.148 per Dollar,
and remittances 0.144—0.14.

Bank Notes: Highest and lowest rates
per foreign currency unit in HK\$:
England 15.87—15.52, Australia
12.53—12.45, New Zealand 14.20—
14.10, Egypt 10.00—9.00, East Africa
14.80—14.60, South Africa 15.65—
15.45, West Africa 13.00, Jamaica
13.50, Gibraltar 13.50, Malta 12.50,
Cyprus 12.50, Fiji 10.00, India 1.1755—
1.17, Pakistan 0.785—0.78, Ceylon
0.935—0.92, Burma 0.53, Malaya
1.841—1.831, Canada 5.915—5.8875,
Cuba 5.00, Argentina 0.125, Brazil
0.052, Peru 0.26, Mexico 0.40, Philip-
pines 1.89—1.85, Switzerland 1.35—
1.32, West Germany 1.35—1.34, Italy
0.00905—0.009, Belgium 0.106, Sweden
1.02, Norway 0.72, Denmark 0.77,
Netherlands 1.45, France 0.0124—
0.0122, South Vietnam 0.057—0.066,
Laos 0.0615—0.061, Cambodia
0.07725—0.076, New Guinea 1.00,
Indonesia 0.097—0.089, Thailand
0.263—0.26, Macao 1.01—1.00, Japan
0.0147—0.0144.

Gold Market

Date	High .945	Low .945	Macao .99
24/2	\$255¼	254¾	
25/2	255½	255	Low 264½
26/2	255½	254¾	
27/2	255¾	255¾	265½ High
28/2	255½	255	
1/3	255½	254¾	

Opening and closing prices were
255½/254¾; highest and lowest,
255½/254¾. Highest and lowest
rates in February were 257½/254½.
The market last week was very quiet.
Interest favoured sellers and aggre-
gated HK\$1.40 per 10 taels of .945
fine. Tradings averaged 4,700 taels
per day and amounted to 28,200 taels
for the week, in which 10,530 taels
were cash dealings (1,730 taels listed
officially and 8,800 taels arranged pri-
vately). Speculative positions averaged
7,400 taels per day. Imports from
Macao totalled 9,500 taels. Two ship-
ments totalling 72,000 fine ounces ar-
rived Macao last week. Exports
amounted to 8,000 taels (5,000 taels
to Singapore, 2,000 taels to Rangoon,
and 1,000 taels to India). Differences
paid for local and Macao .99 fine were
HK\$12.60—12.00 and 11.50—11.20 re-
spectively per tael of .945 fine. Cross
rates were US\$37.86—37.85 per fine
ounce; 24,000 fine ounces were con-
tracted at 37.85 cif Macao. US double
eagle old and new coins quoted \$263
and 230 respectively per coin, English
Sovereigns \$59 per coin, and Mexican

gold coins \$275 per coin. **Silver Market:** The market turned steady on enquiries by exporters. 1,000 taels of Bar silver traded at \$5.65—5.55 per tael and 1,500 dollar coins at \$3.57—3.56 per coin. Twenty-cent silver coins quoted \$2.75 per five coins.

Money Market: Market turned easier. Banks charged 6 per cent on letters of credit, 8 to 10 per cent on overdrafts and loans, and 10 to 12 per cent on mortgages per annum. Native banks and money lenders asked 10 to 12 per cent p.a. for short period credits and 12 to 18 per cent for mortgages and loans without security.

HK SHARE MARKET

The market was very active last week with turnover amounting to \$5.1 million. Interest was centred on Hotels, Utilities and Godowns and the business was particularly good during the mid-week: Monday \$978,000; Tuesday \$1,536,000; Wednesday \$765,000; Thursday \$1,376,000; Friday \$474,000.

Hotels registered a turnover of 59,500 shares after the company had announced a dividend of \$1.50 plus bonus of 50c per share—100 per cent more than 1956 earnings. Quotation advanced from \$16.60 to \$18.40 but light scale profit-taking brought it slightly down at the close.

Docks, Providents, Yaumatis, Lights and Telephones also attracted a large number of buyers; profit-taking during second half-week also prevented prices from remaining at the week's high level but closing quotations were still higher than those of the previous week.

The market at the close was firm; there were more buyers than sellers.

Dividends—The North Point Wharves Limited announced that the profit for 1957 was \$1,282,995 and that a dividend of 75 cents per share would be paid. The China Provident Loan and Mortgage Company's profit for 1957 was \$2,366,287; the company will pay a dividend of \$1 and bonus of 10 cents per old share and pro rata thereof per new share for the year ended December 1957.

CLOSING RATES ON 28-2-58

H.K. Govt. Loans
3½% Loan (1934 & 1940), 89 nom.
3½% Loan (1948), 82½ nom.

Banks
H.K. & S. Bank, Ex. Div., 810 b; 820 s.
H.K. & S. Bank (Lon. Reg.) Ex. Div., £44½ nom.
Bank of East Asia, 272 nom.

Insurances
Union Ins., 70½ nom.
Lombard Ins., 33½ nom.
China Underwriters, 6½ nom.

Investment Companies
Allied Investors, 3,675 nom.
Yantze Finance, 5½ nom.
H.K. & F.E. Invest., 9½ nom.

Shipping
Douglas, 420 nom.
Indo China (Pref.), 13 nom.
Indo China (Def.), 40 nom.
U. Waterboat, 20,20 s.
Asia Nav., 1,275 b.
Wheelock, 6¼ b; 6.30 s; 6.30/¼ sa.

Docks, Wharves & Godowns
H.K. & K. Wharf, 120 b.
Sh. Hongkew Wharf, 1,20 nom.
H.K. Dock, 54 b; 55½ s; 54½ sa.
China Provident, 12,70 s; 12,70 sa.
China Provident (New), 11,40 b; 11,70 s.
Shai Dockyards, 1 nom.

Mining
Raub Mines, 2½ nom.
H.K. Mines, 2c nom.

Lands, Hotels & Bldgs.

H. & S. Hotels, Ex. Div., 16,20 b; 16,40 s; 16,40/30 sa.
H.K. Land, 33¼ b; 33¾ s; 33½ sa.
A/Fr. Land, 35c nom.
Shai Land, 72c nom.
Humphreys, Ex. Div., 14,90 b; 15,20 s.
H.K. Realty, 1,35 b; 1,375 s.
Chinese Estates, 360 nom.

Public Utilities

H.K. Tramways, 24,40 b; 24,60 s; 24½ sa.
Peak Trams (F. Paid), 71 nom.
Peak Trams (P. Pd.), 36 nom.
Star Ferry, Ex. Div., 122 s.
Yaumati Ferry, 99 b; 100 s; 100 sa.
China Light, 17½ b; 17,70 s; 17½/60 sa.
H.K. Electric, Ex. Div., 26,40 b; 26,60 s.
Macao Electric, 10,40 nom.
Sandakan Light, 8½ nom.
H.K. Telephone, 27,40 b; 27,70 s; 27½ sa.
Shanghai Gas, 1 nom.

Industrials

G. I. Cement, 24,60 sa.
H.K. Rope, 14,80 nom.
Metal Industries, 1,075 b.
Amoy Canning (H.K.), 37¾ b.

Stores

Dairy Farm, 17,10 b; 17,20 sa.
Watson, 11,90 b; 12 s; 11,90 sa.
L. Crawford, 14,90 b; 14,90/15 sa.
Cald. Macg. (Ord.), 28,40 nom.
Sincere, 3,35 nom.
China Emporium, 8,90 b.
Sun Co., Ltd., 1 nom.
Kwong Sang Hong, Ex. Div., 160 nom.
Wing On (H.K.), 74 b.

Miscellaneous

China Entertainment, 22,80 nom.
International Films, 30c nom.
H.K. Construction, Ex. Div., 5,90 s.
Vibro Piling, 16½ b.
Marsman Investments, 6/- nom.
Marsman (HK), 65c nom.

Cottons

Ewo, 85c nom.
Textile Corp., 4,60 b; 4,65 s; 4,65 sa.
Nanyang Mill, 9 b.

Rubber Companies

Amalgamated Rubber, Ex. Div., 1,225 b; 1¼ s; 1,225 sa.
Ayer Tawah, 1,95 nom.
Java-Consolidated Estates, 24c nom.
Langkat, 1¼ nom.
Rubber Trust, 1,20 b.
Shanghai Kelantan, 75c nom.
Shanghai Sumatra, 2,60 nom.
Sungala, 1½ nom.

SINGAPORE SHARES

Industrials were firm during the week ended February 14. Profit taking caused a certain amount of hesitancy at the close, but prices managed to hold around the week's highs. Fraser and Neave gained 12½c to close at \$2.67½ and Hammers gained 10c, to \$2.12½. Metal Box were in demand from \$2.55 to \$2.62½ with further buyers at this level at the close. Straits Traders closed at \$1.75 after \$1.70 earlier and Wearnes were steady at \$3.02½ after \$2.95 at the beginning of the week. Federal Dispensary remained unchanged at \$2.10 as did Hume Ords at A.5/4½.

Apart from signs of uncertainty early in the week, Tins were very steady, and, latterly, were firm. By the close, however, modest selling pressure caused a few counters to close slightly off best. Austral Amal. im-

Share	Feb. 21	Last Week's Rate		Closing	Up & Down	Dividend	Estimated Annual Yield (%)
		Highest	Lowest				
HK Bank	835	XD 820 s	835	XD 820 s	firm	\$50	6.09
Union Ins	71 s	70.50 n	69 b	70.50 n	steady	\$3.40	4.82
Lombard	33.25 n	—	—	33.25 n	quiet	\$2	6.02
Wheelock	6.30	6.30	6.25	6.25	—5c	75c	12.00
HK Wharf	120 s	122 s	119	120 b	firm	\$6	5.00
HK Dock	52	55.50	53	55	+53	\$2	3.64
Provident	12.40	12.80	12.30	12.70	+30c	\$1	7.87
HK Land	34.25 s	33.75	33.25	33.50	—75c	\$2.40	7.16
Realty	1.35 b	1.375	1.35 b	1.35 b	steady	15c	11.11
Hotel	16.60	18.40	18	XD 16.30	+17.70	\$1.50	9.20
Trams	24.60	24.60	24.30	24.50	—10c	\$1.90	7.76
Star Ferry	117 b	122 s	118 b	122 s	firm	\$9	7.38
Yaumati	99 s	101	96	100	+51	\$7.50	7.50
Light	17.10	17.60	17	17.50	+40c	\$1.10	6.29
Electric	28	27.90	27.50	XD 26.60 s	—10c	\$1.90	7.14
Telephone	27.30	27.50	27	27.50	+20c	\$1.50	5.45
Cement	25	24.80 n	24.60	24.60	—40c	\$3	12.20
Dairy Farm	16.60 s	17.20	16.50	17.20	+60c	\$1.63	9.05
Watson	12.10	12	11.90	11.90	—20c	\$1	8.40
Yantze	5.50 n	5.50	5.50 n	5.50 n	steady	65c	11.81
Allied Inv	3,675 n	—	—	3,675 n	quiet	25c	6.80
HK & F.E. Inv	9.80 b	10 n	9.80	9.80 b	steady	80c	8.16
Amal Rubber	1.25	1.275	1.225	1.225	—3½c	20c	16.33
Textile	4.60 s	4.65	4.60	4.65	+5c	50c	10.75
Nanyang	8.60 b	9 b	8.90	9 b	+40c	\$1	11.11

proved to 11/3 but closed around 11/1½. Ayer Hitam had exchanges from 22/4½ to 22/9¾; Kamunting were steady at 8/- as were Malayan Tin at 10/-. Meru Tin has fulfilled its quota for the present restriction period and the mine suspends operations on the fifteenth of February. Report and accounts of Petaling were not well received, and the shares eased from \$1.97½ to \$1.75. Earlier in the week they had improved from \$1.92½. Sungei Way came in for fair enquiry between \$1.14 and \$1.15 as did Berjuntai between 11/9 and 12/1½.

During the early part of the period Rubbers were dull with only small selective support. Later, however, interest broadened and this section closed steady after recording modest gains. Amal. Malay improved from \$1.50 to \$1.57½ and Mentakab gained 12½c. to close at \$2.20. Allenby were steady at \$2.42½ as were Pajam and Suloh at 85c. and 52c. Interest in Sterling Rubbers was small, with transactions in Bagan Serai at 2/7½d. and Dindings at 22/2¼.

Turnover in Loans was modest. There was a small turnover in overseas investments, with Australian issues to the fore.

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On account of the Chinese New Year holidays, activity during the week ended February 21 was very restricted. Industrials accounted for the bulk of the turnover and were somewhat irregular throughout. The announcement by United Engineers of a 10% dividend and 5% bonus on the Ordinary Capital, the same as the previous year, was received with some disappointment; the shares eased from \$1.27½ to \$1.20 but recovered to \$1.25 at the close. Wearnes rallied to \$3.10 after \$3.00 at the opening. Fraser & Neave Ords. were steady between \$2.65 and \$2.67½. Singapore Cold Storage eased from 91c. to 90c., but Metal Box improved further to close at \$1.63½. Straits Steamship gained 25c. with buyers up to \$19.50 c.c.i. Hammers came in for fair demand up to \$2.17½ but Wm. Jacks closed with sellers at \$2.00 after business at this figure earlier.

Tin shares were steady to firm during the week with buyers at slightly enhanced prices which, judging by the turnover however, were not in accord with sellers' ideas which are tending increasingly towards a disinclination to part with basically sound counters around current levels. The following were some of the gains recorded: Austral Amal., by 3d. to 11/3; Berjuntai, 3d. to 12/3; Kuala Kampar, 1/- to 30/-; Kundang, 9d. to 17/-; Larut, 4½d. to 3/10½; Lower Perak, 3d. to 12/1½; and Tongkah Harbour by 4½d. to 9/9. Petaling was one of the few counters to move against the general trend and eased from \$1.75 to \$1.65 before recovering to \$1.70 only to slip back to

\$1.67½ at the close. Kuchai too was easier closing at \$1.55.

Interest in Rubbers was restricted and price changes in this section were negligible. Kempas were steady at \$1.57½ and Bukit Kepong improved from \$3.15 to \$3.25 as did Bassett from 62½c. to 65c. Sterling Rubbers remained in the doldrums with transactions in Muar River at 1/8½ and Sungei Siput at 1/7.

Turnover in Loans showed no improvement. With Wall Street edging downwards and London reaching its lowest level for three and a half years, only a small volume of business was transacted overseas.

TRADE REPORTS

Trading in the local commodity market last fortnight after the Chinese New Year holidays remained on a restrictive scale but commodity prices were firm in general. In view of the uncertain demand from SE Asia for various reexports, local dealers refrained from booking heavy replenishments from Japan, Europe, UK and other supplying countries.

HK/China Trade—Imports of foodstuffs slowed down after recent heavy shipments from Canton and other Chinese ports. Supply of oilseeds and other popular staples was still difficult to get from China. Enquiries from Canton and Shanghai for a few items of metals and fine chemicals were keen but most transactions fell through because buying offers were too low.

HK/Japan Trade—Imports totalling 5,000 tons were much less than the tonnage for the first half month. Supply of cement, fruits and sundries remained abundant but consignments of cotton textiles and metals reduced. Exports also curtailed chiefly due to a decline in shipments of staples from here to Japan. Principal items among 1,500 tons of cargo shipped there included paint, scrap metals, rosin, cassia, beans and oilseeds.

HK/UK Trade—A Member of British Parliament alleged that HK, with its low-paid labour and Communist capital, was contributing to the sufferings of the Lancashire cotton textile industry. Commenting on this ridiculous and false accusation, a local textile manufacturer said, "Communist capital? What else will they think up next; first it was slave labour, then under-paid labour, then substituting Japanese products for Hongkong manufactures, now it is Communist capital!" On the contrary, the textile capital in HK belongs to people who had fled from the Communists; British banks here also furnish part of the money.

Meanwhile orders for HK manufactures continued to reach here from UK; principal items were cotton textiles, gloves, rubber shoes, plastics products,

preserved ginger and sawn timber. Exports during the fortnight totalled only about 2,500 tons, much less than during the first half month. Imports of metals, automobiles, chemicals, dairy products and woollen piecegoods also declined to about 4,000 tons only.

HK/Europe Trade—Italy, Belgium, Netherlands and West Germany shipped here about 5,000 tons of metals, paper, chemicals, provisions, textiles, dairy products and other consumer goods. Exports to Europe remained quiet, only about 2,000 tons. Consignments of bamboo cane, rattan, walnut meat, citronella oil, woodoil, feather and other staples from here to Europe were limited to small lots. Demand from Europe for HK manufactures did not improve; interest was limited to a few popular items such as shirts, knitwear, plastics products, enamelware, aluminum ware, rubber shoes and cotton textiles.

HK/US Trade—Exports of cotton textiles, shirts, plastics products, rattanware, firecrackers and other HK manufactures to US remained steady. Exporters here are optimistic in trade with US anticipating more orders for HK manufactures after the Seattle Trade Fair next month. Many local factories will send their products to the fair. Principal items will be shirts, vacuum flasks, metalware, rubber shoes and electric, clock. According to the Director of Commerce and Industry, exports of western-style cotton shirts to US no longer need Comprehensive Certificates of Origin.

HK/Thailand Trade—Demand from Bangkok for HK manufactures and re-exports remained steady; orders covered mostly cotton textiles, metalware, paints, paper, structural steels and base metals, foodstuffs and sundries. Consignments however were limited to small quantities. Imports of rice continued heavy.

HK/Indonesia Trade—About 3,000 tons of sugar arrived from Indonesia during the fortnight. Exports to Djakarta and Indonesian ports outside Java dwindled on account of the fighting between the Central Government in Java and the Military Authorities in Sumatra. Importers in Djakarta also could not get enough foreign exchange for their purchases and found imports too expensive due to the drop in the value of Indonesian currency and high premium they must pay for exchange certificates.

HK/Malaya Trade—Shipments of vegetables, fruits, metalware, cotton textiles, knitwear and sundries to Singapore and other Malayan ports remained active. Djakarta's preventive measures had curtailed but failed to stop the flow of these commodities via Malayan ports to Indonesian territories particularly to Sumatra.

According to an unconfirmed report, freight charges for cargo from here to Singapore and Malaya will be reduced by 15 per cent beginning March 1.

HK/Philippines Trade—Manila finally cancelled a US\$6 million rice/copra deal with a HK firm and decided to buy 42,000 tons of rice from South Vietnam and Cambodia. Prospects of improving trade with Philippines are very dull at present.

HK/Korea Trade—Korea remained keen in the purchase of paper from the local market but short stock here restricted the business volume. Principal exports also included woollen yarn, dyestuffs and milk products. There were also enquiries from Seoul for a few items of pharmaceuticals, chemicals and other merchandise but buying offers in most cases were too low to interest local dealers. Imports of gallnut and other staples from Korea remained insignificant chiefly due to the high cost. Last week, a Korean exporter contacted local dealers for the exchange of Korean dried fish for HK torch light cases.

HK/Taiwan Trade—Taipei shipped more sugar to the local market. Exporters there also offered to supply HK with cement; 3,000 tons per month could be consigned to HK at \$108 per ton cif.

HK/Cambodia Trade—About 2,000 tons of rice arrived from Phnompenh during the fortnight. There were also maize, sesame and sundry provisions but consignments were limited to small lots. Exports to Cambodia remained slow in spite of the fact that Phnompenh had recently earmarked US\$400,000 for various essential imports including sugar, cotton textiles, etc.

HK/Laos Trade—Vientiane also earmarked about US\$1 million for essential imports. But during the period there were only enquiries from Laos for a few items of metals.

HK/Burma Trade—Cargo movements between HK and Rangoon were slow. Importers there enquired for electric appliances, canned food, sundry provisions, cosmetics, vacuum flask, torch battery, old newspaper and foodstuffs but the volume of purchase was insignificant.

HK/Australia Trade—Demand from Australia for HK manufactures recently weakened possibly due to keen competition from Japanese goods. Orders reached here last fortnight covered mainly woodoil, rosin and other produce.

HK/Africa Trade—Imports from South and East Africa consisted chiefly of cotton, groundnut oil, ivory, beans, tanning extract and hide. Exports went mostly to South Africa; principal items were cotton textiles, rayon piece goods, metalware, matches, plastics products and shirts.

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Produce—Trading in the produce market after the holidays remained slow. There were more enquiries than orders from Japan, Europe, UK, Australia and other buyers for sesame, gallnut, cassia, aniseed oil, citronella

oil, woodoil, rosin, teaseed cake, menthol crystal, camphor products and minerals. Beans were mostly favoured by local food manufacturers; Japan procured various kinds of beans from US and SE Asia direct. Many dealers however were optimistic, hoping that China would supply more feather, essential oils, oilseeds and other staples to the local market this year.

Metals—Mild steel round bars and other structural steels, steel plates, pipes, waste waste and iron sheets retained steady local and export demand. China was interested in waste waste but considered prices here too high. Dealers here anticipated firmer prices in the local market because (1) stocks of various items were not heavy and bookings during the past few months had been light; (2) demand from SE Asia for various popular items remained steady; (3) local consumption of structural steels and base metal continued heavy; (4) cost of European goods firmed recently although freight charges might be reduced slightly.

Paper—The market was kept active chiefly by demand from Korea for newsprint, woodfree, sulphite, tissue, glassine, aluminum foil, cigarette paper and duplex board. Short stock here however restricted the volume of spot business; many orders were concluded for forwards. Taiwan, Vietnam and Thailand favoured poster, sulphite, manifold, aluminum foil and cigarette paper in reams but quantities involved were very small.

Industrial Chemicals—There were more enquiries than orders from Korea, Taiwan, Philippines and Thailand for a few items including sodium hydro-sulphite, acetic acid, lead oxide, calcium hypochlorate, shellac, rongalite C lumps and gum copal. In spite of the fact that most quotations in the local market were lower than new indents buyers tried to force prices further down.

Pharmaceuticals—Exports of pharmaceuticals were quiet; only small lots of streptomycin, sulfonamides, aspirin, phenacetin, cresote and acetanilide were shipped to Korea, Taiwan and SE Asia. Local patent-medicine manufacturers favoured sulfonamides and vitamin powders but quantities involved were too small to stimulate the market.

Cotton Yarn—Thailand bought some Pakistan yarn from here towards the end of last week; the spot market was otherwise quiet. HK products remained firm because spot goods were short. Imported brands were also steady throughout the fortnight because stock here was not heavy. At the close last week however the market was weak chiefly due to the uncertain condition in Indonesia.

Cotton Piecegoods—There was no order from SE Asia for cotton piecegoods during the fortnight. HK products were steady on previous orders from UK, Europe, Australia, US and other buyers. Local processing mills

absorbed some Japanese and Chinese grey sheetings because HK brands were not available. The market was steady in general.

Rice—Local demand improved after the holidays. Imports from Thailand remained heavy but prices firmed on advanced Bangkok indents. There were also imports from Cambodia and South Vietnam.

Wheat Flour—Under the selling pressure of Japanese and other imported brands, HK flour was forced down slightly during the fortnight.

Sugar—Taiwan granulated sugar was firm during the first week but as more supplies arrived, the market turned weak and towards the end of last week prices again dipped. HK products were steady on good local demand and orders from Malaya and Singapore. Brown sugar failed to improve on better local demand; imports from Indonesia were heavy during the period.

Cement—Singapore and North Borneo provided steady demand for HK cement; local consumption also heavy. Imports from Japan continued heavy but prices here were maintained at the previous level because supply from China was still restricted to small consignments. Dealers here were considering to import cement from Taiwan.

Preserved Ginger—Export prices of HK preserved ginger were marked down by 10 per cent to stimulate demand from Canada and UK.

TRADE UNIONISM IN MALAYA

(Continued from Page 313)

not merely by its statements but by the work it has done and the results that the plantation workers have shown in 10 years of steadily propagating the idea of trade unionism in Malaya. Perhaps the result has not been exactly the same as the British trade unionists who came out here shortly after the war to help with their advice imagined it would be. It was difficult enough at that time, when the Communists were using strong-arm methods, to imagine that a free unfettered trade union movement could be established in Malaya, run democratically and able to hold its own with well organised employers. It has done this despite the emergency but the end result—perhaps because of these ideological differences, perhaps because of the need for many union leaders to show sheer guts in the face of strong-arm men—has gone rather further than expected.

Several of the unions look upon themselves today as being responsible not only for better wages and conditions of work but for changing the whole attitude of their members towards life. They want to give them something to work for, to improve their mental attitudes in this modern world, to prove to them that by following a few simple principles they can honestly begin to feel that they are as good as their masters. This is further than British trade unionism first went, but it is in the great tradition of British trade unionism that was planted in this country.

The National Union of Plantation Workers is a leader in this field. Its three-year programme, ambitious and almost foolhardy if it is forgotten that their last three-year programme was achieved without much difficulty, includes plans for a clubhouse on every estate. And one room of these clubhouses, it is proposed, should be set aside, curtained and furnished, and provided with excellent amenities not just as a reading room but as a place where the trade unionists can meet the managers. On 312 estates in Malaya today the union has got joint consultation going. The estate managers once a month meet officials of the unions on their estates and discuss problems, excluding major matters which are discussed and then sent to a national level for national negotiation. The clubhouse, with its friendly "drawing room", will mean that no longer will union officials have to go to the "big house" for their meetings. They will have a place where they will be able to invite anyone with confidence. Some of that reasoning too is behind the construction of the union's headquarters here, costing about £40,000 and built from money donated by members (subscriptions are about 2s. 6d. a month, the minimum wage in the industry is about 7s. 6d. a day). Apart from a large assembly hall, dormitories and office space, there is also a large air-conditioned executive council room for meeting employers.

Is this extravagant or a waste? "No", says the General Secretary of the Union, Mr. P. P. Narayanan, it is something of a symbol. We get many members travel-

ling many miles to come and sit in the library and look around. It shows them what can be done. It shows them that by their united efforts they can build a headquarters as good as any in Malaya. "PP" at 34 is one of Malaya's veteran trade unionists. He started after the Japanese occupation and began with a small all-purpose union on an estate. When Government regulations prevented unions catering for too many grades, he launched the first rubber workers' union. In 10 years he has moulded it in a Malayan-wide union, catering for all plantation workers. The union has never had a nation-wide strike but it has had a go-slow which lasted for some time. It has pulled strikes in a few areas but in general its policy insisted on by "PP" is negotiation. Today it has excellent machinery for this, with regular discussions started at estate level and working upwards and with eight union offices in the country acting as headquarters for trained men who are ready to leave at an hour's notice for an estate where a dispute has broken out. In fact the union has placed great reliance on proper training, sending most of its top officials to Britain and then to an ICFTU college in Calcutta. Most of the ordinary members sooner or later are sent on a three-day course run by the union on trade unionism getting full pay while doing so as part of an agreement with the employers.

Oddly enough, the employers have found it pays, it cuts down wildcat strikes. On paper the union's achievements seem small by Western standards, but it has increased wages by over 400% since 1947 (inflation has had an effect too), got six days holidays a year where there were none before, four days social holidays, a six-day week, maternity benefits, properly constituted schools on estates and many more advantages. Throughout it has valued the advice of British officials who have been on the spot to guide them, often in the process putting themselves in a difficult position.

Today the union stands firmly on its own feet, looking forward to a new wage structure, a closed shop and vastly improved conditions on estates including the end of estate houses which it thinks should be replaced by villages catering for several estates and with the houses belonging to the employees themselves. Mr. Narayanan has set the union's sights high. He says: "When we persuaded more estates to get cinemas there used to be a rush to grab seats when they opened, we stopped that with a cartoon in the union newspaper showing them how bad-mannered that was. Another one showed them the proper way to go to the cinema, in their clean clothes and not their tapping clothes. We want not only to change their conditions of life but change their attitude as well. The union will make films soon and some of them will deal with hygiene, cooking, the care of the home and the rest. We think it is as important a job for the union as anything else."

Today British trade unionists who visit Malaya are surprised at the progress that has been made in the 10 short years with trade unionism, which was a weak child when first attempts were made to start it.